

BANKING

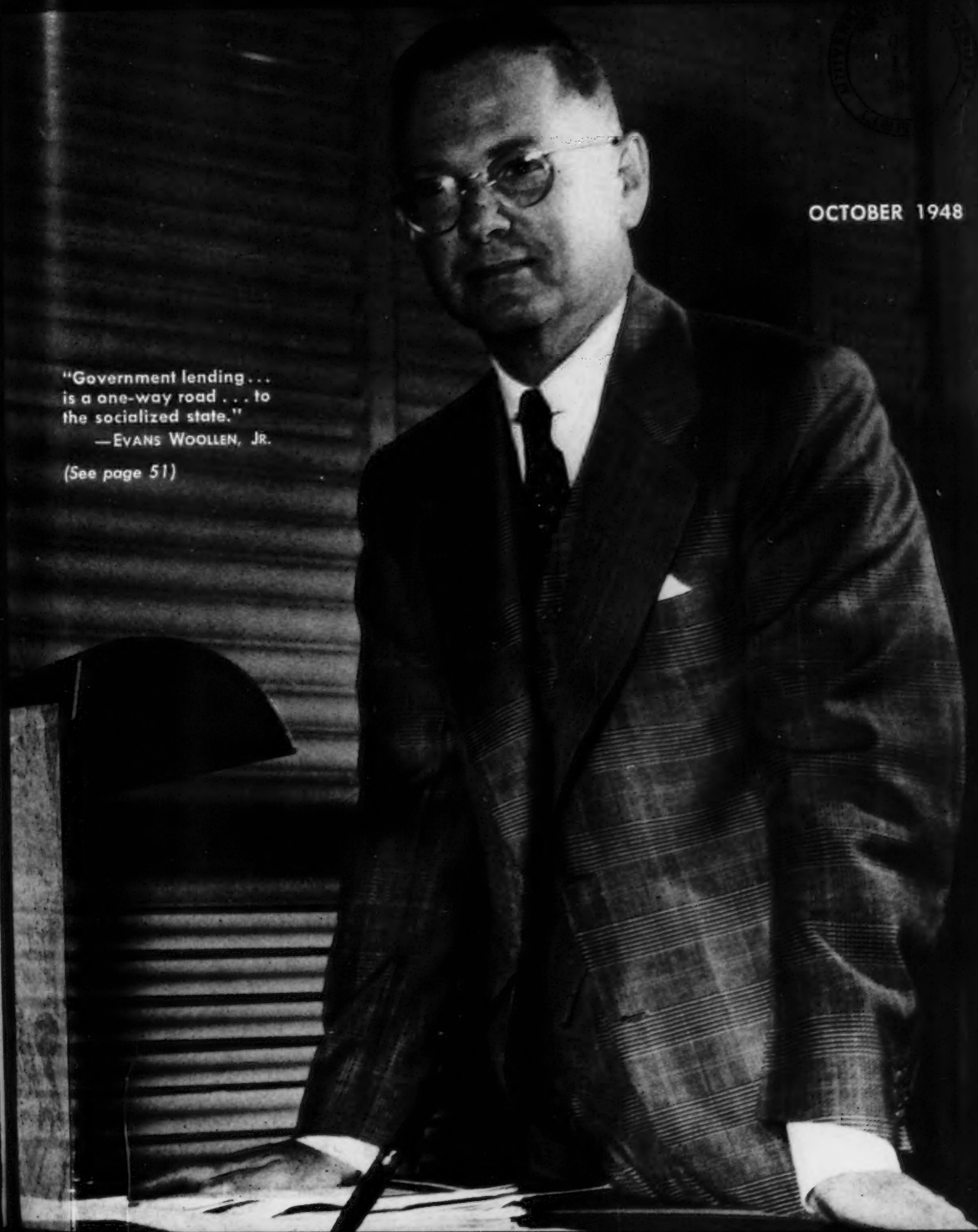
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

OCTOBER 1948

"Government lending...
is a one-way road... to
the socialized state."

—EVANS WOOLLEN, JR.

(See page 51)



In Georgia, too, the Plan is working

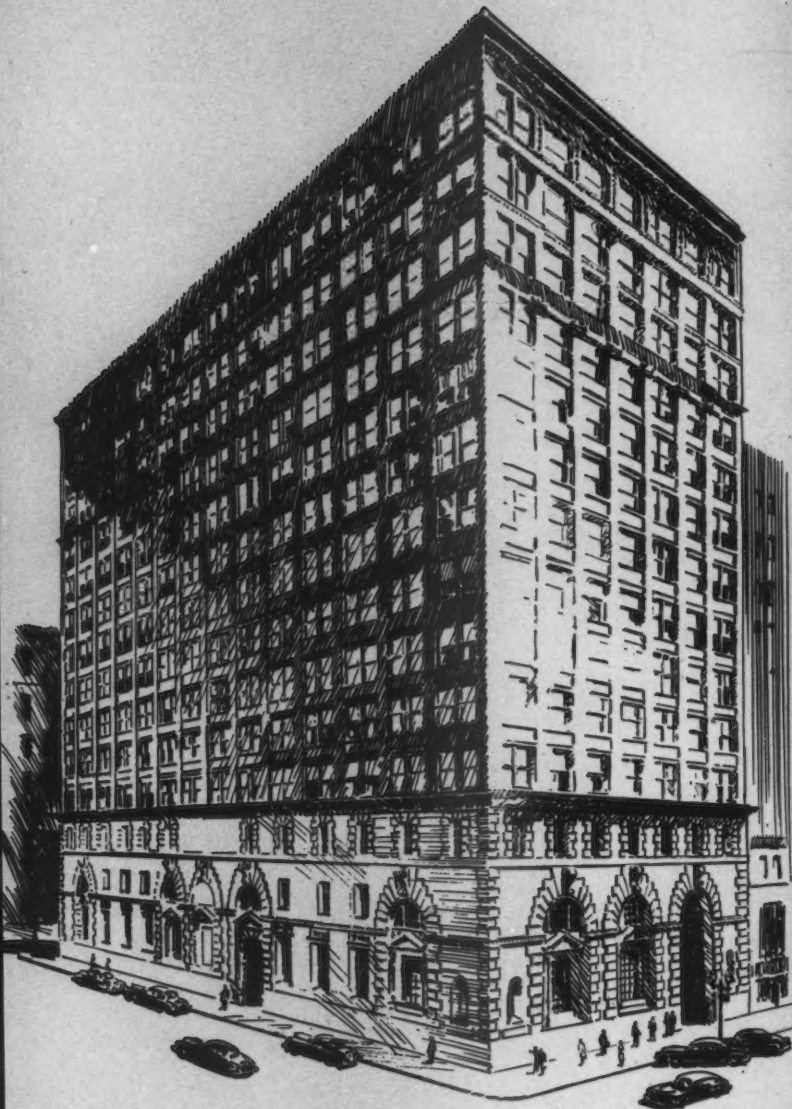


"We recently made a very careful analysis of our automobile lending business. We found that in the past ten months, automobile loans averaging approximately \$825 each have been made to 7,320 individuals.

"We do not use a master policy and every customer who uses our money for the financing of automobiles buys insurance through an independent insurance agent. A total of 709 insurance agents participated in the transactions completed in the past ten months.

"Within the foreseeable future, we anticipate no change in our policy regarding the Bank and Agent Auto Plan. However, we believe a *lot more could be done* to promote the Plan and that representatives of the insurance companies, insurance agents and the banks could well afford to get together again soon for the purpose of taking advantage of the existing opportunities."

Paul M. Welch
Vice President
Citizens and Southern National Bank
in Georgia



Aetna Casualty and Surety Company

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Automobile Insurance Company
Standard Fire Insurance Company
CONNECTICUT

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



Evans Woollen, Jr., President of The American Bankers Association, 1948-1949. (See page 51.)

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October 1948

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FOR PEACE OF MIND

MEMO



Banks and Corporations that use La Monte Safety Paper look upon the transfer of funds with well-justified optimism. They have the satisfaction of knowing their checks are fully protected against alteration and counterfeiting ... enjoy the distinction of using the world's finest and best known check paper.

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are on La Monte
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Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting — makes identification positive.



Just a minute

Meet President Woollen

MEMBERS of the American Bankers Association chose as their president for the 1948-49 year a man who entered banking as a clerk, fresh out of college, in the early twenties.

EVANS WOOLLEN, JR., joined the staff of the Fletcher Trust Company, Indianapolis, which his father had founded, after graduation from Yale University in 1920. Fifteen years later he became president of the bank and early this year he was made chairman of the board.

Mr. WOOLLEN, like his father, has been active in Association affairs. Several years ago he was appointed to the Trust Division's Executive Committee and in 1946 became president of the Division. The senior WOOLLEN's A.B.A. jobs had included the chairmanship of the Economic Policy Commission.

Our informal sketch of President WOOLLEN in this issue says that he "comes of a family long prominent nationally" and that he has been known, particularly in the Middle West, as "an exponent of sound, conservative banking practices." From the numerous speeches he has made as a member of the A.B.A. official family (he was Association vice-president last year) we selected excerpts that reflect his views on banking and public affairs.

"Meet President WOOLLEN" is on page 51. In the November issue there will be stories and pictures on the Detroit A.B.A. convention that elected him.

Service Charges and Bank Costs

WHEN did your bank last analyze its costs of handling deposits and withdrawals, and compare these costs with its present scale of customer charges for these services?

JAMES W. WOOSTER, JR., asks his BANKING readers this question. Mr. WOOSTER analyzed the replies to a questionnaire designed to determine how much banks' costs had changed since their service charge schedules were set up. He found that a majority of moderate size banks have not adjusted their rates to reflect cost increases of the past six years, and that as a result income from this source hasn't been providing its share of total bank income.

October 1948

The article, breaking down the participating banks' replies to several pertinent questions, starts on page 33. It contains some very timely information.

Bank Investments

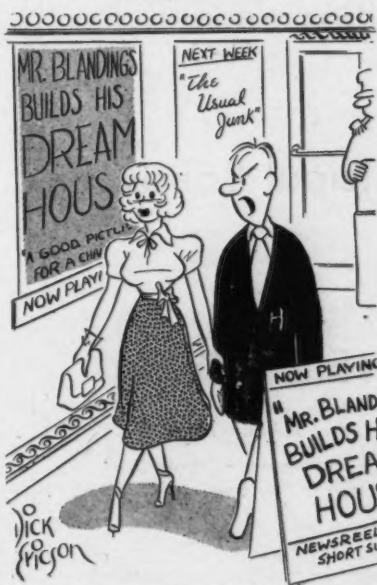
A SPECIAL committee of the A.B.A. Country Bank Operations Commission recently completed a comprehensive study of the investment policies of smaller banks, and Chairman DANIEL H. ERDMAN, summarizes the committee's report in this issue of BANKING, pages 42 and 43.

The study notes a "marked difference between the changes that have taken place during the past two years in the investment policies of larger banks as compared with smaller banks." The former have made "very substantial adjustments in their maturities of U.S. governments in this period," increasing shorter maturity holdings from 63.9 percent to 81.9 percent of their portfolios. On the other hand, the smaller or so-called "country banks" covered by the survey had 61.5 percent of their governments in shorter maturities on June 30 last.

"From these facts," comments Mr. ERDMAN, "the question arises as to whether the smaller banks are two years behind a national trend or whether the difference in investment position is the result of local conditions."

With the article is a full-page chart showing the percentage distribution of

"That settles it! Needless to say, we're not getting married!"



WE HAVE NO BRANCHES • MEMBER FEDERAL DEPOSIT INSURANCE

THIS Los Angeles independent bank, with over \$150,000,000 in resources, would like to handle your cash and collection items for you... would welcome an account from your bank... would appreciate the opportunity of serving your customers when they come to Southern California

Union Bank & Trust Co
of Los Angeles

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POLK'S BANKERS ENCYCLOPEDIA

The Bank Directory

Now Contains Two More
Outstanding Features —

- ★ BANK TELEPHONE NUMBERS
- ★ BANK STATEMENTS TO THE NEAREST DOLLAR

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Now Ready for Delivery

Single issue price \$27.50
Five year rate \$20.00 an issue

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Cleveland • Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices

the investments of the participating country banks, grouped according to U.S. Government securities, state and municipal securities, corporate and other obligations, by states as of June 30 last.

Speaker No. 53

THE long series of employee training programs at the Peoples First National Bank & Trust Company of Pittsburgh was nearing its end. Fifty-two staff members had spoken their pieces; one more, GEORGE STAMFORD, head guard at a branch office, remained to be heard.

GEORGE was a little nervous about his first appearance before an audience. But he knew he had a story to tell his colleagues, so—he just told it. In fact, he really let himself go. He talked about his job and its tie-in with the bank's many departments. He gave example after example of how the bank guard, who is usually the first employee to meet the public, can serve by being friendly, helpful, courteous. Some of his stories were humorous; all were pertinent.

GEORGE STAMFORD talked a long time. The staff listened attentively, aware that it was getting a triple A lesson in customer relations, and when he'd finished his friends at Peoples gave him a big hand.

The schedule of meetings was so arranged that GEORGE had to repeat the speech to four groups. After his debut word got around that he was really too good to miss, and the audience grew as the series progressed. Then the bank's management decided that the talk must be preserved, so it was
(CONTINUED ON PAGE 6)

"I don't mind being overdrawn—as long as you don't tell my husband"



BANKING



A Good Loan can get "Washed Out", too!

When you're extending credit, check your borrower's *complete* insurance program. If you find high-value shipments are made by rail, truck or plane, be sure to ask if Transportation insurance is carried.

Remember that carriers are not responsible for shipments destroyed by "Acts of God" such as flood, windstorm or earthquake. And there are many other circumstances where a shipper can recover only a part—more often nothing at all—when a serious transportation loss happens. Many a business firm has been hard hit by mistakenly assuming that common carriers have to make good on all losses.

Are your clients now protected against these and other hazards suggested by the Check List at right? If not, advise them to see a "North America" Agent.

Insurance Company of North America, founded 1792, oldest American stock fire and marine insurance company, heads the North America Companies which meet the public demand for practically all types of Fire, Marine and Casualty insurance. Sold only through your own Agent or Broker.

USE THIS INSURANCE ✓ CHECK LIST ON BORROWERS SOLVENCY

Is his business adequately covered against loss by—

- ✓ Fire and Extended Coverage (bldgs. & stock)
- ✓ Business Interruption Insurance
- ✓ Blanket Liability Insurance
- ✓ Blanket Fidelity and Forgery
- ✓ Burglary & Holdup Insurance
- ✓ Transportation & Marine Insurance
- ✓ Automobile Liability Insurance



**INSURANCE COMPANY OF
NORTH AMERICA**
COMPANIES, *Philadelphia*

Insurance Company of North America • Indemnity Insurance Company of North America • Philadelphia Fire and Marine Insurance Company • The Alliance Insurance Company of Philadelphia



CANADA

**50% Industrial—25% Agricultural
18% Forest and Mineral Production
Balance Miscellaneous**

American banks who have business customers wishing to establish themselves in Canada or expand their present connections there, are invited to communicate with us. Special departments of the Bank will be glad to advise you on plant locations, industrial opportunities and marketing information.

Monthly Commercial Letter upon request

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

540 Branches Across Canada

NEW YORK SEATTLE PORTLAND, ORE. SAN FRANCISCO LOS ANGELES

A Massachusetts Banker Reports

**30.9% of our
ThriftiCheck
customers
use other services
of our bank**

Right now, in this single office of a bank with several branches, there are 1,234 THRIFTICHECK no-minimum-balance accounts, with an aggregate deposit balance of \$188,982.46.

382 of these customers make use of other services. They include savings accounts, safe deposit box rental, safekeeping accounts—installment, time, demand and mortgage loans; as well as storage. Some commercial account customers have THRIFTICHECK for personal or family use. About one out of every three THRIFTICHECK depositors uses other services of the bank.

No question about it—THRIFTICHECK builds business for other departments of the bank.

Practical, factual evidence in our Brochure tells why THRIFTICHECK is a profitable department in hundreds of banks from coast to coast. A copy will be sent you on request.

BANKERS DEVELOPMENT CORPORATION

31 NASSAU ST
NEW YORK 5
NEW YORK

JUST A MINUTE — Continued



arranged that, unknown to GEORGE, the fourth and final delivery should be wire-recorded.

Later, they told GEORGE what they'd done. Naturally, he was surprised. He hadn't figured on being a star performer; after all, he wasn't a speaker. He'd just talked about his job. But when President ROBERT C. DOWNIE said that a copy of the speech would be given to each member of the staff—well, a certain bank guard was very happy.

BANKING heard about the STAMFORD hit, procured a transcription, and liked it so well that you'll find a slightly condensed version on page 44 ("Home-spun Customer Relations"). It's good, homely reading—and profitable, too.

"A Modern, Efficient Shop"

THE bank building series continues this month with several articles that discuss practical phases of the big construction program.

JOHN J. McCANN, who conducted our extensive survey of banks' plans for their new or remodeled homes, emphasizes this month the public and personnel relations angles. He reports that 97 percent of the banks replying to his question said there had been "a marked upturn in business soon after the new or remodeled quarters opened." Although some of this business may have been freshly developed, most of it "must have come from other sources."

"Thus we find," says Mr. McCANN, "more than meets the eye in the current boom in bank construction, and what we see below the surface is far more significant than the trends in architectural design." There is evident a keen appreciation of "public relations values and of the greater merchandising potentials of a modern, efficient shop."

(CONTINUED ON PAGE 11)

*"The boss calls my
Remington Noiseless a
gilt-edged investment"*



"Do you know that we're getting almost a 15% return on a \$2500 investment thanks to your new Remington Noiseless!", my boss exclaimed. "The \$2500 is what you, your typewriter, operating supplies and taxes cost us annually... and we've gained 15% in efficiency with your new Remington on the job. Your Noiseless only cost us about 1½% of our total investment—figured over a period of five years—and we now get maximum return on our typing dollars!"

"Speaking from a dollars and cents standpoint... that kind of savings can't be beat! Neither can the crisp, distinctive printwork of my Noiseless. It's really an unbeatable combination of *typing perfection with quiet!*"

Remington Rand

THE FIRST NAME IN TYPEWRITERS

**HERE'S PROOF—that Quiet
increases typist's efficiency!**

Tests conducted by Dr. Donald A. Laird, director of the Psychological Laboratory of Colgate University, proved that a typist expends 20% more energy... produces 5% less... under noisy conditions.

Conversely, a 15% reduction in noise brings a 5% increase in typing efficiency.

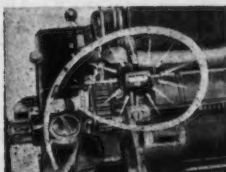
Let your nearby Remington Rand representative show you—right in your own office—how the Remington Noiseless provides you with quiet, efficient typing at lowest net cost.



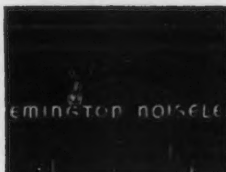
CHECK THESE EXCLUSIVE AND PLUS VALUE FEATURES!



Exclusive Pressure Printing gives smooth, quiet operation at the touch of a finger!



Exclusive Page End-leader flashes warning when end of typewritten page approaches!

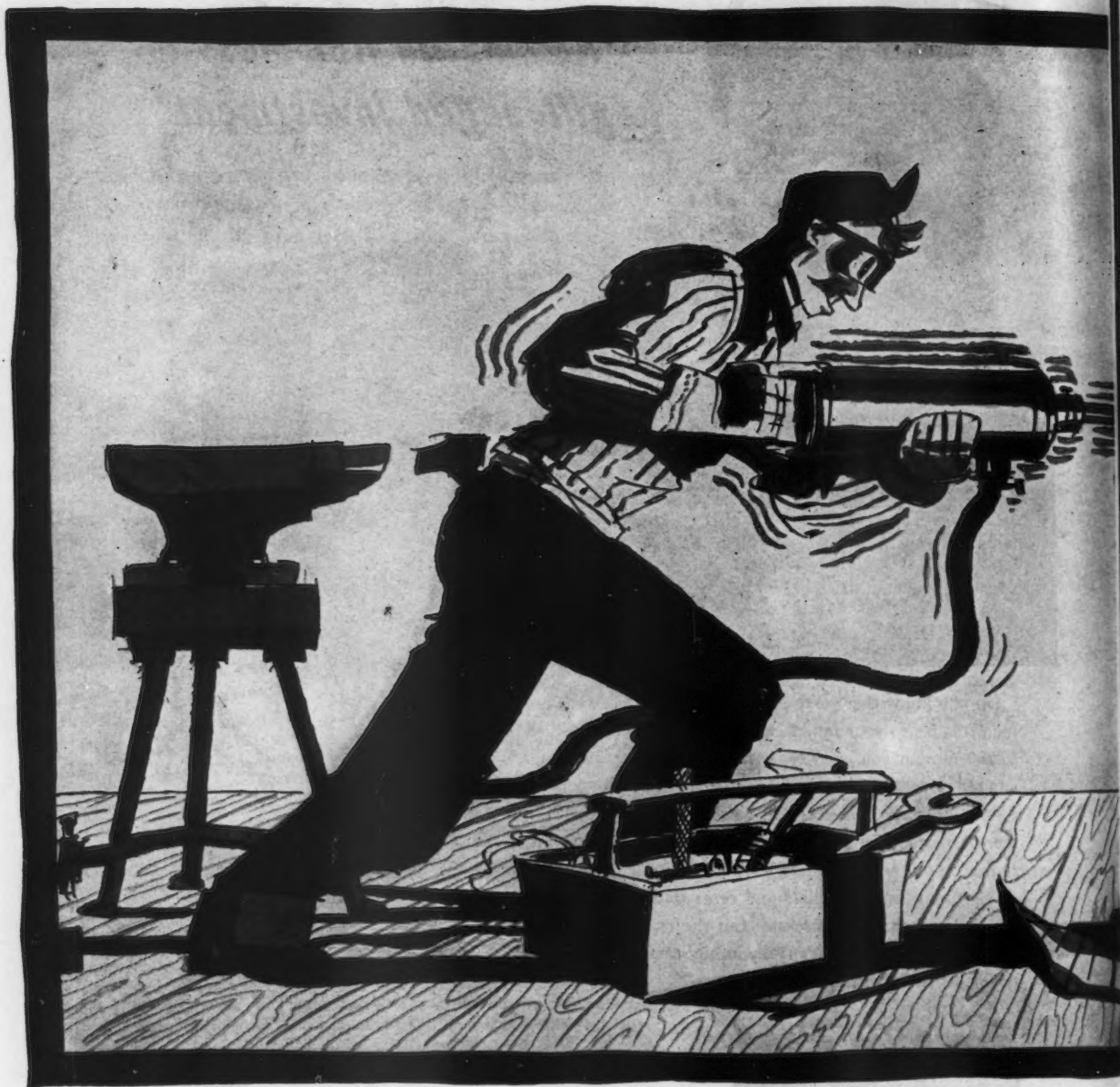


Exclusive Pressure Dial enables you to make multiple crystal-clear carbon copies!



Beautiful Printwork with every character even-toned and highly legible!

IRON SUITS AT NO EXTRA



"THERE are no chinks in our armor!" said Mr. Friendly.
"And I don't mean Chinamen!"

"When American Mutual protects a company, it's surrounded by safety..."

"First of all, our safety engineers do everything in their power to help prevent costly accidents. Because they're experts in this work, they've been able to reduce accidents as much as 80% in some plants!"

"They not only try to protect earning power, but they help to increase it! They suggest new and better ways to cut down lost time, to speed up operating efficiency... and they've actually helped increase production as much as 300% in several cases!"

"This special service is called *I. E. Loss Control**... and it's also called the greatest extra in insurance today.

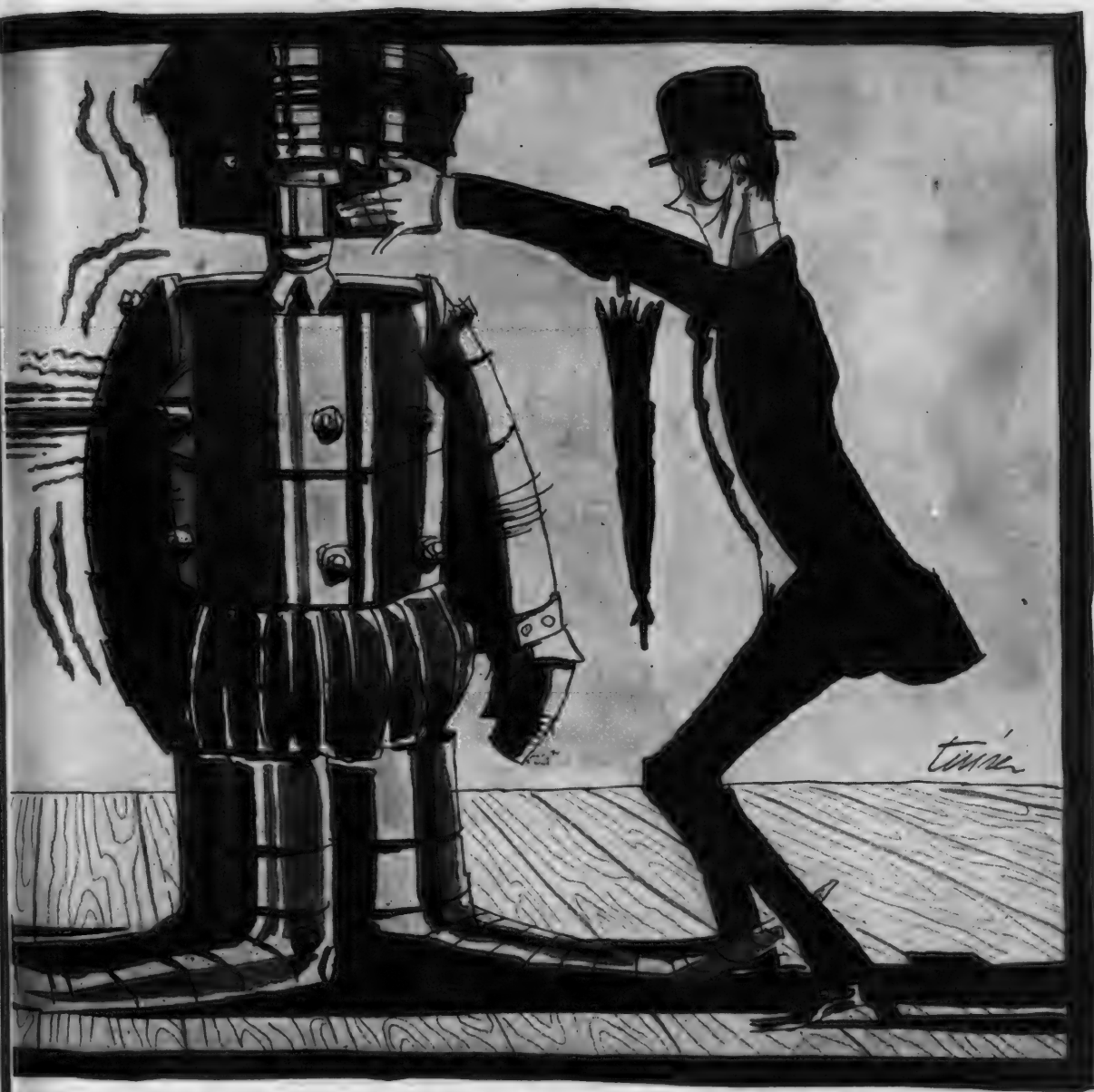
"The point is... when it comes to industrial loans, this

AMERICAN MUTUAL... the first American liability insurance company

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CHARGE! (TALK ABOUT SERVICE)

by Mr. Friendly



service means a lot more protection to both bank and borrower!

"And when you consider that this extra is included at no extra charge with every industrial policy . . . When you realize that American Mutual still pays dividends to policyholders of 20% or more . . . Isn't this worth looking into?"

"For your own workmen's compensation insurance and your client's insurance, we believe, and believe

very deeply, that American Mutual offers more than any other company today . . .

"How about trying on some of our special armor soon? . . . It really shines!"



* Accident prevention based on principles of industrial engineering.

REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE

Total Assets	Total Liabilities	Total Surplus
\$74,597,431	\$58,761,868	\$15,835,562
Total Claims	Total Dividends to Policyholders	
\$301,444,045	\$110,698,159	

Nearly 80% of all assets in U. S. Gov't, first grade industrial, railroad, public utility bonds.



Transactions promptly and efficiently handled

"I think this would be a good time to express the sentiments of all the boys and girls here. In handling transactions from day to day we have found that we get the best service from the Chase Bank. It does not make any difference whether the transaction is large or small we always find that it is promptly and efficiently handled and we appreciate that."

Extract from a letter received from one of our correspondent banks

A correspondent bank that attends to small duties with all the care and efficiency expected in large assignments, clearly proves both its desire and its ability to serve.

The value of world-wide correspondent relationships maintained by the Chase is strengthened by efficient daily service, often for the benefit of individuals it may never meet, and firms whose representatives may never have occasion to visit the Chase.

Broaden customer service with Chase correspondent facilities

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

JUST A MINUTE — Continued

The bulk of all expenditures these days, he asserts, falls into two categories: "to improve working conditions and to perform better service." The correct approach to any building program, large or small, "considers the merchandising and public relations aspects of the project well above the mechanical details. There is ample evidence that the biggest return in the building dollar comes from that minor portion which pays for the refinements directly affecting the personnel and the customers."

Several other articles of interest to construction-minded bankers supplement Mr. McCANN's "How Buildings Build Business" (page 52).

Cost Analysis

ON page 46 T. ALLEN GLENN, JR., president of The Peoples National Bank, Norristown, Pennsylvania, begins a series of articles on how to operate a cost analysis system in a small bank.

Mr. GLENN's first instalment ("How One Small Bank Knows Its Costs") sets up the tools needed to carry along the system that is the basis of his discussion—one that his bank has been using successfully for 12 years. Subsequent articles will tell the operational procedure to follow in using these tools toward the goal of a reasonably accurate knowledge of what it costs to run a bank.

Need a University Graduate?

THE Bureau of Personnel Service at the University of Tennessee asks BANKING to tell its readers—and particularly the members of the American Bankers Association—that the Bureau's services are at their disposal for the placement of graduates and for the assistance of employers in obtaining employees.

"We shall have approximately 1,000 graduates this coming year," writes Acting Director JAMES R. JAKES, "with seniors finishing in December, March and June. The seniors we will be especially anxious to place are electrical engineers, mechanical engineers, and business administration graduates."

"If representatives of any of your members find they could come to our campus, we shall be most eager to extend them every hospitality possible. If some find they cannot come to Knoxville for a visit, perhaps they could write us a note when a specific opening develops in their organization."

"They laughed when I sat down at the typewriter"



...at least I thought they were laughing. Guess every new girl feels skittish the first day. Especially when she types her first letter for a new boss ...

...I'm a happy member of the office family now. My best pal? Smith-Corona, of course ... it works with me and for me ... every day from 9 to 5 ...

(P.S. The girls weren't laughing at me ... just smiling, because they got new Smith-Coronas, too!)



Typewriter of the experts

COURT stenographers are perhaps the world's hardest users of typewriters. They buy their own machines, pay their own repairs. And a survey of ours, some years back, showed them owning more Smith-Coronas than all other makes combined! Yet the very speed, precision, and dependability which make Smith-Corona the "typewriter of the experts" are clear arguments for its everyday use in everyday offices. Ask for a demonstration and see.

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Typewriters

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TYPEWRITERS INC
SYRACUSE 1 N Y



Canadian factory and offices, Toronto, Ontario.
Makers of famous Smith-Corona Portable Typewriters, Adding Machines, Vivid Duplicators, Ribbons and Carbons



WASHINGTON BANKS PROVIDE VAST RESERVOIR OF FINANCE

Just as the Pacific Northwest's gigantic reservoirs of water assure abundance for power and irrigation, so do the deposits in the banks of Washington State make available finances for the development of the State's resources and industries.

Working in close harmony with the productive elements of this State, the outstanding loans of Washington financial institutions in 1947 reached \$560,134,000—an increase of 187 per cent over that of 1937.

Suitable financing is assisting in the utilization of natural resources, the expansion of industry and a greater development in agriculture. As one of the Nation's major banks, the Seattle-First National Bank, serving the state with 45 banking offices, has had a gratifying part in this growth.



SEATTLE - FIRST NATIONAL BANK

"Your Friendly Bank"

Member Federal Deposit Insurance Corporation



"I couldn't possibly let you have a loan with only two tickets to the Army-Navy game as collateral. I'd need three at the very least"

"... or Chick Sales, Streamlined"

As every reporter knows, when he's working on one story another frequently pops up. Take the piece about ALLEN D. RUSSELL, treasurer of the Plymouth (Massachusetts) Savings Bank, which opens "Heard Along Main Street" this month. When we asked Mr. RUSSELL's permission to reprint the letter that comprises the "Nothing to Do Till Tomorrow" item, he said, "Sure, go ahead." Then he went on to tell another story. It, too, demonstrates the versatility of country bankers, so here goes:

Several years ago Mr. RUSSELL "got stuck," as he put it, on the Plymouth sewage disposal committee. In fact, he was twice stuck, for they made him secretary.

"Being rather thorough," he says, "I decided I had a nasty job to do and it might as well be done once and right. The town still remembers seeing me wandering around our sewer outlets in trout fishing pants, collecting samples. Those samples are down cellar in the bank right now, all labeled with the air and water temperature, barometric pressure, height of tide, wind direction and velocity. In short, all I have to do is run off the colored movie I took and produce the right samples at the right time, and no one ever need make the trip again."

After Banker RUSSELL had collected his samples he still had to make a report. He scouted unsuccessfully for literature on the subject, but found only three and four volume sets, "with engineering and medical details which only confused us beginners." So he said to the consulting engineers: "Well, I'll have to write

(CONTINUED ON PAGE 14)



The Governor of Washington *invites You*



State of Washington
EXECUTIVE DEPARTMENT
Olympia

Mon C. WALLGREN
Governor

To American Industry:

Washington is a fast growing state. We are extending our war-time gains and making great strides forward. People are hard at work building more dams, laying out new towns, preparing new land for farms.

The Columbia River is the greatest single source of electrical power in the world. With low-cost power, our wealth of natural resources, and our maritime trade with Alaska and the Orient we are establishing a regional economy unrivalled in the nation.

Enterprising business men will find here new and exciting industrial opportunities. These include processing of raw materials, fabrication of new products, diversified trades to service a growing city and farm population.

Washington State is a good place in which to live, to work, to do business and to prosper.

Mon C. Wallgren
Governor



Mon C. Wallgren

* One of a series of advertisements based on industrial opportunities in the states served by Union Pacific Railroad.

Unite with Union Pacific in selecting sites and seeking new markets in California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, Oregon, Utah, Washington, Wyoming.

*Address Industrial Department, Union Pacific Railroad
Omaha 2, Nebraska

UNION PACIFIC RAILROAD

Road of the Daily Streamliners

GROUSELAND

Frontier Home of the Ninth President



Portrait by Peale when Harrison was twenty-seven

WHEN his prospective father-in-law asked how he proposed to maintain a wife, young William Henry Harrison replied, placing his hand on his sword, "This is my means of support." As his military prowess proved, the statement was no empty boast. Moreover, in time Anna Symmes Harrison, the girl he married, had the distinction of being the wife of the ninth President and the grandmother of Benjamin Harrison, the twenty-third.

In 1800, five years after his marriage, Harrison was appointed first governor of the vast new Indiana Territory which eventually was carved into several states. In the seat of government, the old French town of Vincennes, he acquired a 300-acre estate called Grouseland. His home, architecturally inspired by Berkeley, the famous Virginia mansion in which he was born, was completed in 1804. Known as the White House of the West, it became the social and political center of the territory.



As the Indians in the area outnumbered the whites five to one and as the territory was hemmed in on three sides by foreign powers, Harrison's problems were formidable. Reflecting the hazardous times, Grouseland, like a feudal castle, was at once a home and fortress, with walls two feet thick and windows protected inside and out by heavy shutters. One of these bears the mark of a bullet which an Indian fired at Harrison as he was pacing the room with his baby in his arms. From a lookout platform on the roof the approach of unfriendly visitors could be seen, and within the house concealed passages provided speedy exit in case of surprise attack.

In a grove near the house Harrison held a conference with the Shawnee chieftain Tecumseh and his warriors who defiantly refused to come to terms with the American government. In 1811, a year later, Harrison defeated Tecumseh's men at the famous battle of Tippecanoe

which established his military reputation and provided the slogan "Tippecanoe and Tyler too" for the campaign in which he was elected President. When the War of 1812 began, Harrison left Grouseland to take command of the Army.

After remaining in the ownership of the family until 1843, the house passed through a period of decline until, ransacked by relic hunters, it was used as a stable. Finally, through the efforts of the Francis Vigo Chapter of the Daughters of the American Revolution it was saved from demolition and now in the chapter's custody is being preserved as an historic landmark restored to its former grandeur.

* * *

The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

☆ THE HOME ☆
Insurance Company
NEW YORK
FIRE • AUTOMOBILE • MARINE INSURANCE



Winding stairway suggests a similar one at Mt. Vernon

FOX RIVER **Better Letters** FINE PAPERS
DIVISION



Stumped for words
...mind run dry...
how to start?

Listen Mister,
it's easy,
if you read

Money-Making Mail

Finding the right words isn't quite as easy as the lady-with-the-notebook says — but finding the simple four-point formula for Money-Making Mail, as revealed in these free booklets, may add tremendous power to your business correspondence.

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Dr. Robert R. Aurner



vision. Write today. Please use your business letterhead. FOX RIVER PAPER CORPORATION
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HAVE you a mind reader on your staff? Officers of our bank sometimes feel a really good medium would be an acquisition as an employee. This was particularly true a week or so ago, when an irate newcomer descended on the cashier to complain bitterly about the return of several of his checks.

"My wife wrote my name on those checks," he said. "I'm too busy with the store to keep the books and pay the bills, so I always have her write them and sign them for me." Reminded that he had reserved the privilege of signing checks on his account for himself alone, he replied, "I ain't a-going to give her the right to sign any checks except the ones I tell her to. She might get ideas and start spending some of my money if



I did. But when I tell her to write a check and sign it for me, then I want you to pay that check, and no funny business!" Just how the folks at the bank were to know which checks were authorized he did not explain.

Then there was the young man who came in one day with a key to his mother's safe deposit box, and blithely announced that he wanted to get some bonds on which he was named as co-owner so that he could cash them. Reference to the records showed that no authority had been given by the owner for any other entrants. When this was explained to him, the youth pulled a receipt for the box rent out of his pocket, and triumphantly declared, "Well, I paid the rent on the box, so I

am the real owner, and you don't need any permission to open it for me!" It was a very morose, injured-looking fellow who left without the bonds.

Was the owner of the box grateful to us for our vigilance? You guessed it! She was as mad as a hatter. When told that in such cases a letter of authorization to the bank was necessary, she retorted, "You might have known that he wouldn't have the key unless I gave it to him and that I wouldn't give it to him unless I wanted him to open the box!" Oh, to be psychic!



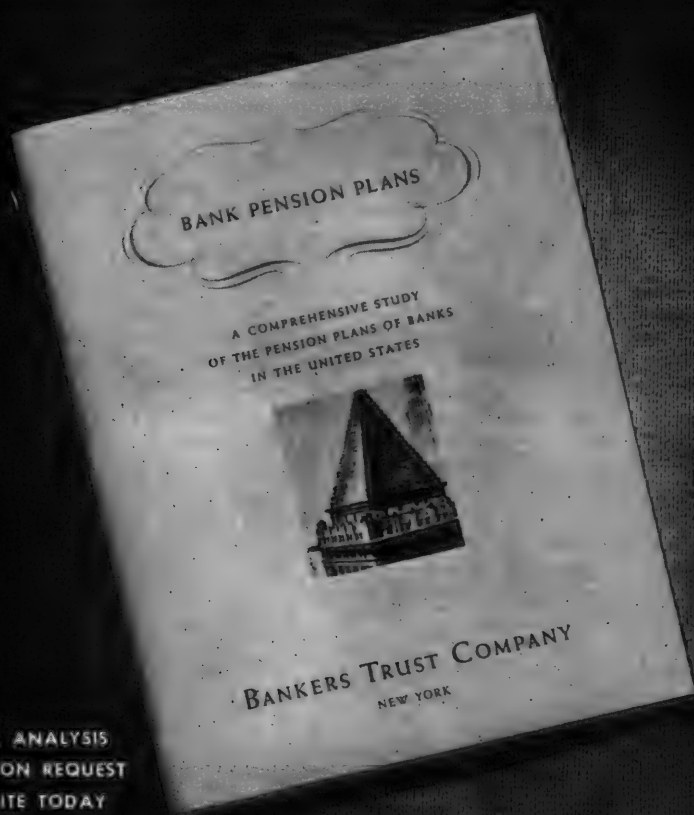
Take the case of the town clerk of a near-by community. He found it too much trouble to head up his deposit tickets with anything more than his own name. It wasn't very long until some of the town's checks began to come in against insufficient funds. When the clerk was notified, he denounced us very vociferously for our carelessness. He displayed his deposit receipts to show that the town had plenty of money to its credit. When an officer explained that the money had been deposited to his private account, coinciding with the name indicated on the deposit tickets, he almost screamed: "My Gosh, you ought to know I never have anything to deposit but my pay every month! If you folks had any brains at all, you'd know that was the town money!"



Our officers have played with the idea of advertising for a mind reader to assist in these problems.

BELLE S. HAMILTON

THIS BOOK SHOWS YOU HOW TO FIGURE THE COST OF A PENSION PLAN FOR YOUR BANK



WHAT THIS BOOK CONTAINS

- How the use of pension plans has grown
- The use of profit-sharing retirement plans
- Pension practices where there is no formal plan
- Plans used by State Bankers Associations
- Discussion of the major provisions of bank pension plans
- Tabular analysis of 226 different pension plans
- How to determine the cost of a pension plan
- How to use the cost yardstick

How are these 688 banks solving the Retirement Plan Problem?

BANK PENSION PLANS, written by specialists, analyzes and summarizes pension plans now in use by banks for the benefit of their

own personnel. It is based on a survey of all banks with deposits in excess of \$22.5 million.

This book discusses the major provisions of 226 bank pension plans, and examines important, basic trends. It contains a detailed analysis of these plans in tabular form for quick reading and easy comparison. It gives you a "cost yardstick" that enables you to figure the cost of a pension plan for *your* bank.

Hundreds of bank officers and di-

rectors are using this study to aid in the formation of retirement plans for their banks.

You, too, will find it of *practical value* in setting up a new pension plan, or revising an existing plan.

If you have not previously received a copy of *Bank Pension Plans*, write for your copy today. Please address Pension Division, Bankers Trust Company, 16 Wall Street, New York 15. There is no cost or obligation.

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You are invited to write for a separate study, *289 Retirement Plans*—a 105-page book that gives you facts and figures showing how 289 companies in 73 industries are providing for over-age employees. All facts in tabular form for quick reading and easy comparison. *Write today*—your copy will be mailed promptly.

BANKERS TRUST COMPANY
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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



North of the Border

Mineral Developments Deserve Attention

CONSIDERABLE prominence has been given to announcements from authoritative sources, official and private, of the discovery and development of a large body of titanium in Canada. The full importance of these announcements to joint Canadian-American interests has not, however, been given the attention it deserves. Therefore it might be useful to outline here just what this project means to business and the public on both sides of the border.

First, an explanation of what titanium is might be in order. It is a mineral required in increasing quantities as one of the important pigments for the manufacture of paints, lacquers, paper, floor covering, plastics, rubber, and as an alloying agent in certain kinds of steel. Before World War II it was in plentiful supply in one of the principalities of India. The quantity from that source was, of course, greatly restricted during the hostilities and has not since been restored to prewar proportions; for one reason, because of export regulations imposed by some Indian authorities. These events and the consequent lessened supply of titanium for many American industries led to a widespread search for other sources on the North American Continent. As a result an important body of this mineral was opened up in New York State, while investigations by the Kennecott Copper Corporation were undertaken on some

promising surface showings in the Gulf of St. Lawrence region, about 400 miles below Quebec City. Later the New Jersey Zinc Company was associated with the project. It was known months ago that development work on this property had proceeded to the point where mining operations were assured in the near future from proved deposits of at least 125 million tons, and perhaps capable of extension into the world's largest source of this mineral. Metallurgical research accompanied the physical side of development as the mineral on this property contained a fair proportion of high-grade iron for which there was no known process for profitable separation from the titanium. Accordingly, research was undertaken by the American interests involved in the project, as well as by a Canadian hydroelectric company which had a subsidiary producing carbide and stainless steel, with the relative equipment, including electric furnaces, and a capable scientific staff, all of which were turned to solving the metallurgical problems. More than two years of research and experimentation resulted in a practical method of metallurgical treatment and a definite decision to make a large commercial proposition of the titanium property.

Besides the Mines —

Coincident with the installation of mining equipment on the property will be the construction of 28 miles of railway to tidewater of the Gulf of St. Lawrence, where there are port facilities, barges and other forms of water transport to carry the ore up the St. Lawrence River to Sorel, about 50 miles below Montreal. At Sorel a smelting plant is to be built at a cost of \$20 million to \$25 million; it will include six of the largest electric furnaces ever designed, and will be powered by hydroelectric energy of 150,000 horsepower from a site now under development about 100 miles distant. From these operations 250,000 tons of titanium oxide slag are expected to be produced, together with 125,000 tons of high-grade iron each year. Practically all of the titanium will be for sale and use in the United States, which will then have another nearby source of this material.

Having solved the problem of treating titanium ore so as to provide for a

profitable separation of the iron content, further research is under way in efforts to turn titanium into a lightweight metal having the qualities of both steel and aluminum. No known process for such purpose has yet been discovered, but the work of finding it is both widespread and intensive; and good authorities believe that it is only a matter of time before this material is made available in suitable metallic form at reasonable cost to the aircraft, chemical, transportation and allied industries. In that event, the extraction and metallurgical treatment of Canadian titanium will be greatly expanded and this one industry will become as important to all North America, as well as to a large part of the rest of the world, as has smelted and fabricated aluminum in Canada.

Iron Development

In the same area in which this titanium mine is being developed, but much farther inland, are the large iron-bearing lands under active development, partly with American capital. As was mentioned in one issue of *BANKING* early this year, this iron field, practically all high-grade hematite, will be opened up if sufficient ore, estimated at 300 million tons, can be proved so as to justify the huge expenditures involved in the development of the property, as well as the building of a railway line of about 350 miles to tidewater, and of course complementary port facilities. So far the objective of 300 million tons has been about half reached, and the prospects of full achievement in this direction now seem more promising than ever before.

Elsewhere in Canada, in the Lake Superior region, other and longer known, though lower grade, iron fields are being tested, apart from the Steep Rock hematite mine already in production. According to a publication of the United States Department of the Interior (*Mineral Trade Notes*) the usefulness of the Ontario deposits is dependent on higher prices, but their importance from a defense point of view should not be disregarded. Destruction of the locks at Sault Ste. Marie would interfere with, if not stop altogether, the hauling of ore from the American side of the Lake Superior field, as well as

(CONTINUED ON PAGE 20)



"Who's been using these bills? They were brand new when I put them in."



It happens at midnight on the Old Santa Fe Trail...



OF course, you don't believe in "ghosts." Neither do truck drivers. Well...there's one exception...and it makes a mighty unusual story.

Bud Gorman has been rolling big 20-ton jobs now for the past ten years. Good at it, too. Gives pleasure drivers like you and me plenty of room; has never "jack-knifed" his trailer on emergency stops; and dreams of the day when he'll have a fleet of his own.

Last month he got a new run. The one from Gallup to Flagstaff—on the old Santa Fe Trail. Most drivers avoid it because of the deadly monotony, but not Bud. He loves the crisp desert air...the giant saguaro cactus...the stars, shimmering like blue-white diamonds, just out of reach.

It was on his third trip out, that he saw it...a covered wagon train approaching him in the gloom. Automatically

he slowed down, unable to believe his ears, let alone his eyes. Yes, he could even hear the mule skinner cracking their whips...the creaking wheels...the yelping dogs.

And then they were gone.

* * * * *

Bud is philosophical about it all; he has imagination, too. Every midnight now they meet and pass, and Bud gives them a big wave and a smile. He says it's *their* road. They blazed the trail. Why shouldn't they be on it?

Matter of fact, he says they're glad to see him carrying on where they left off. Paving the way for new communities—opening up newer frontiers—bringing a new and better way of life to millions.

Bud says the only difference between a covered wagon and his 190-horsepower truck...is one hundred years of progress.

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(CONTINUED FROM PAGE 18)

from the Steep Rock mine in Canada. However, ores from other sections of the Canadian side of the lake could be utilized in case of emergency, although some of it would require a quite long rail haul to the Sault. The proved ore reserves in this part of Ontario exceed 180 million long tons, the probable reserves over 300 million, and the possible reserves nearly 200 million. It seems likely that price increases sufficient to make the development of the Ontario siderites and magnetites in the large deposits profitable on a large scale are in the foreseeable future. An increase of 50 cents to \$1 a ton would completely alter the picture as far as magnetite deposits are concerned. It is the opinion of some mining men that in 20 years Ontario will be supplying 10 million tons of iron ore annually for its own and the American steel industry around the Great Lakes.

The other major mineral development in Canada, oil near Edmonton, Alberta, has been subject to some interruptions by inflammatory conditions in a large "wild" well, but progress generally has been good—so good, in fact, as to determine that this field is an extension of a vast sedimentary area laid down by ancient seas running from the Texas Gulf Coast region northward through Oklahoma, Wyoming, Montana and into the Canadian Arctic sections of the MacKenzie River basin. It has also been determined that the oil in this new Canadian field is what is known as the "refiner's delight," that is, it has a low sulphuric content. Present indications point to a supply underground of 150 million to 200 million barrels, and an eventual production sufficient to meet practically all of Western Canada's oil requirements, now met mainly by imports from the United States. Development in this area, however, is extending quite rapidly, with several American oil companies leading the way, and possibilities of an enlargement are regarded by some of the best petroleum authorities as quite promising.

Alberta Politics

Political conditions in Alberta are quite suitable for private enterprise. The present administration scored an almost complete sweep in the last provincial election a few weeks ago. It won renewed support from the electorate solely on its administrative record without introducing any of the social credit theories upon which it was founded about 10 years ago. It scored a most



"Yes, we administer estates. Why? Are you thinking of dying?"

decisive victory, not only over the Liberal and Conservative parties but also over the Socialists; and now, having been sustained by the public on its orthodox record, may reasonably be expected to continue to favor private capital investment without fear of implementing the fantastic monetary policies upon which it first appealed to the Alberta public.

By the Way—

Fewer children should be lost now that they can reach their mother's skirts to hang on again.

[The motor car may gradually deprive us of the use of our legs—everyone, that is, except the pedestrians.

Nothing keeps young people from falling in love like going out to price houses or apartments.

A girl wants to marry a man who has been economical in the past and expects to be extravagant in the future.

We assume the fellow who loves playing the saxophone also loves being alone.

What the chemists ought to invent is a gas that's safe to step on.

We owe a great deal to our forefathers, and that's about the only debt we won't have to repay.

BANKING

A.B.A. Replies to FCA Agent

ALTHOUGH misrepresentation about the benefits supposedly accruing to the banks from the activities of the Government have been made on different occasions by representatives of the Farm Credit Administration in testimony given at hearings before committees of Congress in connection with bills dealing with agencies subsidized by the FCA, they have now appeared for the first time in an official publication of the Farm Credit Administration, the "Farm Credit Leader, Summer Issue, 1948." In an editorial written by Nelson G. Kraschel, general agent of the FCA in Omaha, he said in part:

You will also read the testimony of commercial bankers who represent the American Bankers Association. Undoubtedly you will become disturbed over their willingness to accept government funds for the Federal Deposit Insurance Corporation and the Reconstruction Finance Corporation for their use on the very terms they would deny the farm cooperative credit organizations.

These hearings also bring to light the huge deposits of federal funds in commercial banks. Over long periods of time these deposits average more than 18 billion dollars—on which the banks pay no interest, but which they loan at a profit.

In reply to this editorial, A. G. Brown, deputy manager of the American Bankers Association in charge of its Agricultural Commission, addressed a letter to Mr. Kraschel on August 27, declaring that "we have checked the statements made under the subhead, 'A.B.A. Testimony Disturbing,' and find them to be false and derogatory to banks. You may consider this letter as a formal request for a retraction of these



"Now you go right in there and tell them what bank presidents in other towns get"

October 1948



Friden introduces a Complete Simplified Method

*to take Interest Earned on Installment Paper on a
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With Modern, Experienced Service

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Offers To American Bankers Having Business With Canada

—data on agricultural, commercial, mining and manufacturing conditions in any part of Canada—credit and market information—deposit and loaning facilities—assistance on the intricacies of foreign exchange transactions—commercial credits—collections and payments—special wire connections for speeding transactions.

Bankers are invited to call on our American offices to learn fully about the Bank's organized assistance for private industry and commerce.

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SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

BANK OF MONTREAL

ESTABLISHED 1817

THE "CHECK DESK"

The check desk in a bank could be an elaborate affair set out in the center of the lobby or it could be of modest design located at the statement window, or it could be combined with the new account department. It doesn't matter much what form it takes or where it is placed as long as it can be reached conveniently by customers and as long as it controls the distribution of all checks within the bank.

By concentrating all checks at one point almost any bank could save a lot of money. The young lady in charge would soon be selling more Personalized Checks and giving away fewer stock checks, and in no time at all she would be recovering her salary. Each order she sold would save the bank about seventy-five cents, and this, translated into about fifty percent

of the customers, would bulk up large over a period of years.

Then, too, customers wouldn't have to wait in line at tellers' windows and both tellers and officers would be relieved of the job of handing out check books. And of course when the operating men began to see more and more of those "easy-to-sort" Personalized Checks moving smoothly thru the bookkeeping department, they'd love it.

The natural combination of DeLuxe Personalized Checks, DeLuxe advertising material available at no charge, the check desk itself and the young lady with a smile to preside over it, would make a worthwhile contribution to the bank, its customers and its operating division. It is indeed a "natural".



Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

statements, the retraction to be given the same prominence as your original article.

"One of the fundamental policies of the American Bankers Association is that whenever any use of government funds by private interests is permitted—whether by individuals, business firms, banks, or cooperative groups—the users of such government funds shall pay to the Treasury of the United States a rate of interest at least equal to the rate that is paid by the Treasury borrowing money in the open market," Mr. Brown said in his letter. "This is plain common sense to which the great majority of American farmers will subscribe. It constitutes the main issue, too, in this particular controversy, since your position is that you want the Government to furnish free capital to the Banks for Cooperatives and other FC agencies. The American Bankers Association takes the position that the FCA agencies should pay the Treasury a fair return for using taxpayers' money."

Addressing himself to Mr. Kraschel's charges, Mr. Brown called attention to the fact that the banks have paid into the FDIC almost \$800 million since its inception and that the corporation has met all of its operating expenses and its losses totaling less than \$80 million without any assistance from the Federal Government. "The capital paid into the fund by the Federal Reserve System and the United States Treasury was never used to pay their expenses or losses," he said. "The money paid in by the banks has taken care of these."

He pointed out that the \$139 million paid in by the Federal Reserve System has already been retired; that almost half of the \$150 million paid in by the Treasury has been retired and that the balance is expected to be paid into the miscellaneous receipts of the Treasury by the end of 1948.* He also emphasized that the FDIC is a wholly owned government corporation and that the banks have no claim whatsoever upon its funds, even though the funds were contributed by them.

As to loans made to banks by the RFC and the purchases of capital stock and capital debentures in banks made by the RFC, Mr. Brown reminded Mr. Kraschel that the bulk of these loans has been repaid and that from the very beginning the banks paid interest on the money advanced at the rate of 5 percent to start and later 3 percent, both of

(CONTINUED ON PAGE 112)

*EDITOR'S NOTE: Since Mr. Brown's letter was written the FDIC has paid off all moneys advanced to it by the U. S. Treasury.

BANKING

GOOD-WILL harvest

Commercial Receipt

Special Checking Account Receipt

Special Promotional Receipt

Christmas Greeting Receipt

Easter Greeting Receipt



Flexibility of Receipts Extends the Usefulness of the Burroughs Commercial Teller's Machine

Businesslike receipts. Impressive receipts. Neat, attractive receipts that can be varied to serve any type of commercial account or carry any brief message of goodwill or special service to the customer . . .

That is one of the distinct advantages provided by the Burroughs Commercial Teller's Machine. And it is one reason why bankers acclaim this modern tool as an important advance in customer service.

Other advantages are compactness, ease of operation, dual use as an adding machine.



In banks from coast to coast . . . banks with one teller or a hundred tellers . . . the Burroughs Commercial Teller's Machine is building goodwill on both sides of the teller's cage.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



Recipe for a Good A.I.B. Forum

MARY B. LEACH

THE FORUM and seminar program of the American Institute of Banking is custom-made for the busy bank officer or senior employee. Although a banker may have completed the formal curriculum courses of the Institute, the forum is designed to help him keep pace with the kaleidoscopic changes of this atomic age.

In fact, with attendance at forum and seminar meetings averaging better than 45,000 a year, this phase of the A.I.B. program has become a close second in importance to the formal curriculum leading to prestandard, standard, and graduate certificates.

Aids to Program Building

Chapters wishing to inaugurate a forum and seminar program need not grope in the dark as to how to organize this activity, since a "Forum and Seminar Manual" is published by the National Office of the A. I. B. to guide chapters in building successful programs. An idea of the value placed on this activity by the national officers may be found in a bold-faced warning to the chapter president that he "*should not consider his chapter organization complete until he has provided for the establishment of a forum and seminar committee and for the appointment of a competent forum and seminar chairman.*"

Another source of information on creating interest in the forum and seminar work and in building an inspiring program is the Institute's "Speech Activities Handbook," which devotes an entire chapter to this subject.

National Office Themes

Although it is the custom for the National Office of the Institute to suggest themes for development at forum and seminar meetings that tie in with trends in bank operations or with national and international finance, individual chapters are free, of course, to build their programs to meet local demands. It very often happens that the availability of speakers versed in subjects having a wide appeal to bank executives and employees is the determining factor in the selection of themes.

Themes suggested for use in 1948-49 are: "Bank Financing of Foreign



As chairman of the National Forum and Seminar Committee, Robert L. Greene, vice-president of the City National Bank and Trust Company, Kansas City, is the directing head of the forum and seminar work of the American Institute of Banking

Trade," "Current Economic Problems," and "Problems in Bank Management." An outline of the essential points to be covered in connection with each of these topics has been sent to all chapter presidents and forum and seminar committee chairmen.

The forum and seminar record hung up by the A. I. B. for the past few years was so impressive that BANKING asked some of the chapters making the best showings for their recipes for building successful forums and seminars. The chapters furnishing information, which is hereinafter summarized, include:

	No. of Meetings	Total Attendance	1948 Membership
Atlanta.....	2	258	575
Boston.....	8	1,228	2,360
Detroit.....	11	3,367	2,198
Fort Worth....	2	265	526
Indianapolis... 8		650	296
Los Angeles.... 11		2,185	4,261
Milwaukee..... 5		640	710
Minneapolis... 6		825	2,124
San Francisco... 15		1,255	2,844
Phoenix..... 6		500	207
Portland, Ore... 16		1,525	891

Committee Selection

These chapters find that getting the right people to head up the committee, to serve on it, and to act as chairmen of the meetings is of paramount im-

portance. Boston Chapter, for example, has instituted the practice of appointing the immediate past president of the chapter to the seminar chairmanship because of his familiarity with the program. Phoenix Chapter, on the other hand, appoints a live wire committee composed of an outstanding staff member from each of the Phoenix banks.

The chairman and presiding officer of the forum are selected by the board of governors of Portland Chapter and the other members of the committee are chosen by these two. "We have selected men who are interested in the forum and tried to get one from each of the larger banks," the chapter said.

Theme and Speaker Choice

In most chapters there is a close correlation between the selection of themes and the choice of speakers. For the most part, the Forum and Seminar committees have a common aim: They attempt to select themes and speakers with definite audience pulling power.

While themes cover a wide range of topics, a good many of them have to do with some phase of bank management and operation. However, some of the chapters go further afield in their topic selections, as will be noted from the following examples: "Human Relations in Supervision," "Philosophy of Everyday Living," "Getting Acquainted With (Local) Industry," various aspects of life in "Latin America," "Labors' Desires, Rights, and Responsibilities," "Business Management, Desires, Rights, and Responsibilities," "Leadership," "What Is Man?," and "Documentation and Shipping Procedure."

Before deciding upon its seminar topics, Los Angeles Chapter conducts a survey with the aid of its chief consultants to determine officer and senior employee preferences. It gives them a list of from 15 to 20 subjects to choose from. After tabulating their replies, meetings are scheduled at which the themes receiving the highest number of votes are discussed."

"In selecting topics," says Detroit Chapter, "we have just one thought in mind and that is to select a subject for the mutual benefit of bankers and the banking business and to stimulate con-

(CONTINUED ON PAGE 26)

Modern store properties

are sounder investments

HERE IS A SPLENDID example, in Yonkers, N. Y., showing what remodeling with Pittsburgh Glass and Pittco Store Front Metal can accomplish in the way of greater eye-appeal and attraction-power. For you, this means easier renting, satisfied tenants, and larger revenues. Architect: N. J. Colosi, Bronxville, N. Y.



BEFORE



AFTER

"PITTSBURGH" STORE FRONTS AND INTERIORS



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY

EVEN today, a store with an unattractive appearance is not easy to rent profitably. But a modern, up-to-the-minute, smart-looking property has prospective tenants fighting for it.

That's why so many banks are modernizing the store properties they handle with Pittsburgh Glass and Pittco Store Front Metal—both inside and out. Such modern properties are sounder investments for the bank. They produce more revenue, steadier income, happier tenants, less risk. And they exert a substantial influence on retail sales, drawing more business to the store, increasing the merchant's profits. This is a good fact to bear in mind when approached by merchants for store modernizing loans, too.

Why not plan now to give the store properties handled by your bank the magic of "eye-appeal?" Safeguard your investments. Consult your architect for well-planned, economical designs. Our staff of specialists will be glad to cooperate with you and with him. And, in the meantime, fill in and return the coupon below for your copy of our free booklet, showing how "Pittsburgh" modernization has benefited scores of different businesses.

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2375-S Grant Building, Pittsburgh 19, Pa.
Please send me a FREE copy of your brochure, "Modern Ways for Modern Days."

Name.....

Address.....

City..... State.....

Recipe for Forum

(CONTINUED FROM PAGE 24)

tinuing interest in seminar programs.

"We select speakers who have outstanding results in their field and invite them to participate on an expense plus fee basis. Knowing the subject we want covered, we just keep on looking until we get an acceptance."

"This year we are again changing our approach," said Indianapolis Chapter, "as we feel that the past two years' discussions have exhausted the bank operations subject. A program based upon the theme, 'Getting Acquainted With Indianapolis Industry,' is being prepared. The Forum Committee is contacting a variety of local businesses for speakers and is helping them prepare talks which will tell their story, outline their problems, and suggest ways in which the banks can be of greater service to them."

"The forum program was prepared by a special forum committee with the cooperation of Lt. Gen. Barton K. Yount, president of the American Institute of Foreign Trade, at Thunderbird Field near Phoenix," reports Maricopa Chapter. "The committee was particularly pleased that the proximity of the Institute and Maricopa Chapter made it possible for us to create a unique forum and perhaps establish a pattern which other chapters in more populous centers would find of interest."

Maricopa held six forums having to do with or touching on some phase of foreign trade, with Latin America the theme of four of the meetings.

"For the past three years we have divided our forum into two series, one presented in the Fall and the other in the Winter," says Portland Chapter. "The first series of about 10 topics has been on subjects of general current interest and the second series has consisted entirely of banking subjects. In the former we have tried to choose topics of local, national and international interest, and tried to get the best qualified speakers in our locality. The last meeting of our first series is a dinner meeting to which each member is allowed to bring a guest."

In planning a series of 10 seminars on foreign banking, the forum and seminar committee of San Francisco Chapter held a luncheon meeting with the heads of the foreign departments of the local banks. Speakers to tackle each of the themes were agreed upon. They were local bankers, a foreign trade broker, and an attorney specializing in admiralty law.



Representative Homer D. Angell addressing Portland Chapter's first forum meeting of the 1947-48 year on "Highlights of the Eightieth Congress"

As a further stimulant to officer interest in the seminar program, at least some of the chapters make it a point to bring the senior officers into their programs, either by seating them at the speakers' tables or by designating one of them chairman of each forum meeting. Maricopa Chapter believes that it invests the series with dignity and importance to have the president of one of the local banks introduce guest speakers. Atlanta Chapter is another that features senior officers by having an officer from each bank sit at the speakers table.

"Once the subject matter and speakers have been selected, a seminar chairman for each meeting is selected from senior bankers in our community who are vitally interested in the particular subject to be discussed that evening," reports Boston Chapter.

Publicity and Promotion

Some chapters, either because of space limitations or because it is their policy to confine the seminar and forum activities to the officer group, limit attendance at these meetings, while others, including Maricopa, Fort Worth, Milwaukee, and Minneapolis, extend invitations to non-A. I. B. members as well as members.

Newspaper announcements, personal letters, bulletins and folders are the most common media used by chapters to familiarize members with the forum work. Although by themselves word-of-mouth bulletins are lacking in dependability, they are found to be effective auxiliaries to the printed announcements.

Personal letters are addressed by Fort Worth Chapter to the presidents of the banks in the immediate vicinity inviting them and their officers and employees to attend the forum meetings. "In our own city the newspapers were very cooperative; however, the most effective method which we used

was to mimeograph notices of these meetings, giving all the facts, which we placed in the hands of every officer and employee of every bank in our city twice before each meeting—the first time approximately a week in advance and the second time on the morning of the day that the address was to be held," Fort Worth Chapter reports.

Each meeting of Los Angeles Chapter is publicized by "Flashes" and Memoranda, which are followed up by personal contacts.

A general outline of the forum meetings is included in the published educational program of Milwaukee Chapter. A second pamphlet is distributed somewhat later to all bank employees and officers, in which it is pointed out that attendance is limited and that "the first-come, first-served" idea will be followed. In addition, special invitations are sent to each officer of Milwaukee County banks. Last year this letter was so effective in presenting the seminar program that a mid-winter meeting of Group VIII was cancelled and the president of the group sent a letter to all members calling attention to the chapter meeting.

Minneapolis Chapter points out that it has "a publicity committee that does a beautiful job of getting out posters and dodgers on all of our chapter activities." In addition to the publicity given the forum activity by the *Student Banker*, it was also written up in *Commercial West*.

A special committee of Maricopa Chapter sends out newspaper releases to all Arizona newspapers, radio stations and national and regional financial publications. Moreover, bulletins announcing the series, with topics and names of speakers, are sent out to all member banks in sufficient quantity that all employees may receive one.

Portland Chapter's first consideration is to select topics and speakers of



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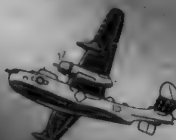
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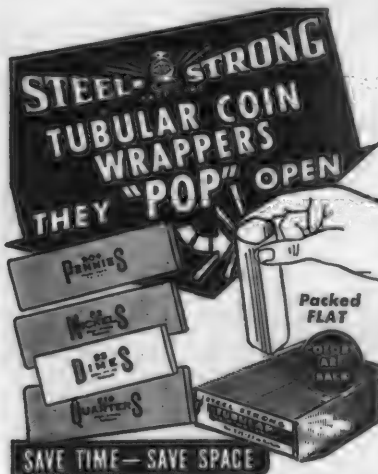


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Recipe for Forum

(CONTINUED FROM PAGE 26)

sufficient interest to create a demand for the seminar program. It then publicizes the meetings by addressing letters to all bank presidents, branch managers, and personnel officers of the banks and branches within a 25-mile radius of Portland. Extra programs are enclosed with the letters and officers are requested to assist in presenting the chapter's seminar program to other officers and senior employees.

Letters are also sent to consuls and former members of the forum committee, together with copies of the program. They likewise are asked to lend their aid. A general newspaper release is prepared telling about the forum series, which includes information on the themes, speakers, dates, forum committee, and highlights the opening speaker. Each week thereafter during the series a release is sent out featuring the current forum. These releases are also sent to regional and national financial publications.

A brochure is prepared and mailed to each contributing member bank of Boston Chapter in sufficient quantity to allow a thorough coverage of their official families. As an additional stimulus to the program, it is the responsibility of the men and women from the Boston banks represented in the official family of the chapter to sell the seminar program to their associates. In this the chapter has been very successful.

Time and Place of Meetings

In Detroit forum meetings are semi-social, in that they are preceded by a reception and dinner.

At its second meeting last year, Fort Worth Chapter arranged an unusually attractive dinner party at an exclusive downtown club, which was limited to bank officers, department heads, chapter officers and committee chairmen.

Seminar meetings were held once a month in Los Angeles and were an hour and a half in length. From 45 minutes to an hour was devoted to the prepared talk and the balance of the time devoted to questions and answers.

A coffee hour, from 4 to 4:30 P. M., when free coffee and doughnuts are served, precedes the Minneapolis Chapter forums.

Maricopa Chapter seminars are held weekly, in the evening, at a leading Phoenix hotel.

The usual meeting time for Portland

Chapter is from 5:45 to 7 P. M., breaking up before dinner. Speakers talk for 45 minutes and the rest of the time is devoted to questions and answers.

Measure of Success

Atlanta Chapter: "The fact that we have to limit our attendance probably has helped our cause to some extent as the words 'a complete sellout' seem to cause a great clamor for tickets for the next forum just as soon as the announcements are posted."

Boston Chapter: "The support which we receive from member banks, particularly among the senior officers, is astounding, and the income derived from our seminar program is an important part of the chapter income for the year. . . . This is possible only because our senior bankers are behind us 100 percent provided we do our job in putting on a good program."

Detroit Chapter: "The ability of the men conducting this program and the simple, but efficient, method of conducting the meetings contributed in no small measure in stimulating the respect and interest of senior bankers."

Fort Worth Chapter: "The senior bankers of our city are very cooperative with our A. I. B. work and we found that by furnishing really worthwhile lectures we received a worth-while response from them."

Indianapolis Chapter: "Our senior bankers have formed the backbone of our forum membership, which, in our chapter, has practically replaced the conventional non-student membership usually held by senior bankers."

"Our experience has been that constant revision of topics and methods is necessary to maintain interest."

(CONTINUED ON PAGE 30)



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(CONTINUED FROM PAGE 28)

Los Angeles Chapter: "The response throughout the year indicated a desire on the part of our senior Institute members for programs of this nature and numerous favorable comments were heard with respect to the subject material and speakers selected. It is our opinion that senior bankers want something that will be helpful to them in their day to day problems."

Minneapolis Chapter: "We highly recommend this series of seminar meetings to any chapter. If we in Minneapolis Chapter can be of any help to others anticipating this program in their forum and seminar phase of A. I. B. activity, we will be glad to assist them in any way possible."

Maricopa Chapter: "The consequences of all the preparation was a spectacular turnout of members and others who were potential members and the series was pronounced the most successful extra-curricular activity the chapter has yet embarked upon."

Portland Chapter: "Our first forum was held in 1942 with about 22 members and has grown until the last two years we have enrolled about 140 in the fall series and over 100 in the winter series."

Admission Fees

Admission fees to seminar sessions is purely a local matter, depending upon what it costs the individual chapter to operate the program. An idea of what some of the successful chapters charge may be gleaned from the fact that Los Angeles assesses a fee of \$5 for a series of eight seminars; Boston sells season tickets to eight lectures at \$15, or individual tickets at \$2 to member banks and \$2.50 to non-member banks; and Milwaukee charges an estimated \$1.25 per admission.

During November of each year, the National Forum and Seminar Committee stages a campaign to interest chapters which do not have seminar and forum activities to initiate such a program. Robert L. Greene, vice-president of the City National Bank and Trust Company of Kansas City, is chairman of this committee for 1948-49.

The psychologist who says there is no such thing as pain apparently has never listened to a fellow who says there is no such thing as pain.

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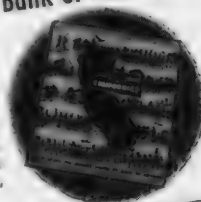


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TEN or 15 years ago conditions prevailed which made it necessary and proper for many banks to institute a schedule of direct charges for the maintenance and handling of depositors' checking accounts. During the past six years there have been major increases in the costs of servicing these accounts, but the majority of moderate-sized banks have not adjusted their service charge rates to reflect these cost increases. As a result, income from service charges has failed to maintain its proportional contribution to bank income, and many banks may well be foregoing the collection of service charges to which they are entitled and which they urgently need if they are to operate at a fair margin of profit. The question seems inescapable: *When did your bank last analyze its costs of handling deposits and withdrawals, and when did you last compare these costs with your present scale of customer charges for these services?*

Are Service Charges Keeping Up with Costs?

JAMES W. WOOSTER, JR.

MR. WOOSTER, who is a frequent contributor to *BANKING*, is investment consultant to The Commonwealth Fund, New York City. He is the author of "Bankers' Handbook of Bond Investment," and is on the faculty of The Graduate School of Banking of the American Bankers Association.

IN view of the ever-present necessity for safely and fairly increasing earnings, a necessity which is of particular urgency for banks at this time, a question which is arising with increasing frequency in the minds of many bankers is:

"To what extent have basic income and expense factors affecting the handling of depositors' checking accounts undergone a change since our prevailing scale of charges was set up?"

The traditional function of our commercial banking system is to provide credit for the legitimate needs of its business and individual customers. Along with this basic service, commercial banks also act in other financial capacities. One of the most important of these associated services, both to the bank and to the customer, is acting as cashier and bookkeeper to the American public. Most bank depositors borrow only infrequently, but they use their checking accounts almost daily. The monthly statement with its listing of deposits and withdrawals, and its accompanying packet of canceled checks, is as much a part of the contemporary

American scene, and as essential, as the corner filling station, the morning milk on the doorstep, and the daily newspaper.

For many years prior to the 1930's banks as a group performed these bill-paying, account-keeping services for most depositors without any direct charge, although this obviously cost the bank a considerable sum in tellers' and bookkeepers' salaries alone. With income from loans and investments at a satisfactory rate, most bankers felt that the overwhelming majority of their checking accounts more than earned their keep, and that the charging of a fee for handling checking transactions was both unnecessary and unjustified. In 1933, the first year for which a separate figure was compiled for service charges on deposit accounts, the gross income from this source for Federal Reserve member banks was less than 2 percent of total income.

The declining interest rates which characterized the 1930's reduced the income which a given deposit balance would produce. In December 1929 the rate charged on customers' loans by banks in principal cities averaged 5.94 percent. In December 1935 the average rate had dropped to 2.85 percent, or less than half that of six years previous. A similar trend was in evidence in other earning assets. Prime commercial paper due in four to six months carried a rate of 5 percent in December 1929, but by the end of 1935 this re-

turn had shrunk to a mere $\frac{3}{4}$ of 1 percent. During this same time the rate of return on U. S. Government bonds declined from 3.60 percent to 2.79 percent and on highest grade corporate bonds from 4.73 percent to 3.60 percent.

Chiefly as a result of these developments, interest and discount from loans for all Federal Reserve member banks declined from \$1,562,769,000 in 1929 to \$498,419,000 in 1935, and total income from all sources declined by 50 percent. By the middle 1930's bankers were bending every effort toward a reduction in expenses and a reversal of the sagging trend in gross.

This combination of an urgent need for new income sources and a drastically lessened rate of return from earning assets led to a re-examination, or in some cases an initial examination, of the profit, or lack of profit, of depositors' checking accounts. It soon became evident that, whatever their status in the easy 1920's, many depositors' accounts were now costing the bank more in handling costs than the deposits were earning. To help meet this problem, banks in an ever increasing number began to make a direct charge for the depositor's use of his checking account in cases where analysis indicated the account was unprofitable to the bank. From 1933 to 1936 the income of member banks from this source doubled, and in the four years following 1936 income from service charges on deposit accounts increased another 50 percent. Thus far in the 1940's the percentage of total current operating earnings received by banks from this source has remained relatively stable, with a slight tendency to decline, ranging, for all insured commercial banks, between 4 percent and 5 percent.

THE drastic deflation and the unprecedented decline in interest rates which characterized the early 1930's provided both the need and the justification for the general imposition of service charges. Today there exists a pressing need for our banking system to increase its earnings if our individual banks are to attract the new capital which their expanding business requires. Without adequately profitable banking, we cannot have sound banking—the kind of banking which can and should provide proper credit facilities for the community, efficient handling of its day-to-day payments and transfers of funds, and desirable career opportunities for the type of employees which it should attract.

In order to obtain first hand data on the question, and on others related to it, the American Bankers Association recently sent a questionnaire to a representative group of banks, diversified as to size and to geographical location. The response to this questionnaire was surprisingly prompt and complete. To date, about 600 of the questionnaires have been returned, with sufficient distribution among various types and sizes of banks to make an analysis of these returns interesting and worthwhile.

Replies were received from 174 small banks, that is, banks with total deposits of \$2,500,000 or less. The greatest number of replies, 243, came from medium sized banks in the \$2,500,000–\$15 million deposit range. One hundred twenty banks with deposits from \$15 million to \$50 million replied to the questionnaire, together with 52 banks which have deposits in excess of \$50 million.

The first question asked was: "How large a percentage of total operating income in 1947 was obtained from service charges on depositors' accounts?"

The replies, broken down as to size of bank, and expressed as percentages of each group replying are given in the following table:

Size of Bank	Less than 1%	1% to 5%	5% to 15%	Over 15%	Total	Av.
Deposits \$2½ million or less	5	45	35	15	100	6.8%
Deposits \$2½–\$15 million	8	57	28	7	100	6.2
Deposits \$15–\$50 million	22	41	34	3	100	4.5
Deposits \$50 million or more	17	46	35	2	100	4.1
	13%	47%	33%	7%		5.4%

The above figures show, among other things, the following:

(1) Service charge income from the banks replying to the questionnaire bears about the same relationship to total income (5.4 percent) as does that of all Federal Reserve member banks and all Federal Deposit Insurance Corporation members, averaging a little under 5 percent for both the latter groups.

(2) Service charge income is relatively more important to small and medium-size banks than it is to large banks. For example 50 percent of the smallest-size banks reported that 5 percent or more of total income came from service charges, whereas, in the case of the three larger-size groups, from 35 percent to 37 percent reported service charge income in excess of 5 percent of total income.

(3) Even among banks of the same size group there is a wide variation in the relative importance of service charge income. For example, in the smallest-size group 5 percent of the banks reported that such income was less than 1 percent of total income, but 15 percent reported that it represented 15 percent or more of total income. Similarly, in the \$15 million–\$50 million size group 22 percent of the banks reported income from service charges equal to less than 1 percent of total income, while 34 percent reported service charges equal to between 5 percent and 15 percent of total income.

The next question asked was: "Did income from service charges on depositors' accounts in 1947 represent a larger or smaller percentage of total operating income than in 1941?"

The following tabulation shows the replies:

Size of Bank	1947 percentage larger than 1941	1947 percentage smaller than 1941	Total
Deposits \$2½ million or less	32	68	100
Deposits \$2½–\$15 million	36	64	100
Deposits \$15–\$50 million	44	56	100
Deposits \$50 million or more	34	66	100

It is interesting to note that in each of the four size groups, service charge income was a smaller percentage of total income in 1947 than it was in 1941. Since total operating income for FDIC members increased by about 50 percent during this period, the above figures show that service charge income failed to increase at an equal rate.

A possible explanation of the failure of service charge income to increase at a rate equal to that of total income during the past six years was sought in the next question which was asked:

"When was your present scale of service charges adopted?"

The answers are given below:

Size of Bank	% instituted before 1935	% between 1936–41	% between 1942–48	Total
Deposits \$2½ million or less	12	61	27	100
Deposits \$2½–\$15 million	9	57	34	100
Deposits \$15–\$50 million	9	48	43	100
Deposits \$50 million or more	7	29	64	100

About 10 percent of all banks replying had not adjusted the rate charged depositors for checking account privileges for 13 years or more, and nearly 60 percent of all the banks replying had made no change in service charge rates since before America's entry into World War II. Only a little over one-quarter of the smallest-size banks had changed the rate of service charges since 1941, and only about one-third of the \$2,500,000-\$15 million group.

Combining the results obtained from the answers to questions two and three, the following table reflects the correlation that would appear to exist between a decline in the relative importance of service charge income between 1941 and 1947 and failure to adjust service charge rates during this time.

TABLE IV
BANKS REPORTING INCOME FROM SERVICE CHARGES AS A SMALLER PERCENT OF 1947 INCOME THAN IN 1941

Size of Bank	No change in Service Charge Rates Since Dec. 1941	Change or changes in Service Charge Rates Since Dec. 1941	Total
Deposits \$2½ million or less	83	17	100
Deposits \$2½-\$15 million	76	24	100
Deposits \$15-\$50 million	61	39	100
Deposits \$50 million or more	44	56	100

Taking the smallest-size group first, 83 percent of the banks which reported service charge income in 1947 as a smaller proportion of total income than in 1941 have not changed their service charge rates during that time. The larger the bank, the less the apparent significance of a change in service charge rates in relation to the contribution made by service charges to total income. However, for the three groups of banks with deposits under \$50 million, the failure to change service charge rates during the past six years would seem to have an important bearing on the smaller contribution made by service charges in 1947 than in 1941 to the total earnings picture. An extreme, but by no

means isolated example, is the case of a bank with deposits of \$2,600,000 which has made no change in service charge rates since 1935. In 1941 service charges produced 20 percent of total income, but in 1947, only 5 percent. A larger bank, with deposits of \$35 million, last changed its service charge rates in 1940. In 1941 such charges produced over 5 percent of total income, but in 1947 produced less than 3 percent.

The justification for an increase in service charge rates, if such justification exists, is an increase in the costs of providing the services rendered. The following question was designed to shed light on this important point:

"To what extent do you estimate your unit costs of handling a depositor's account have increased since you last increased your scale of service charges?"

The answers are given in tabular form below:

TABLE V

Size of Bank	No increase in unit costs	Increase up to 25%	Increase of 26-50%	Increase over 50%	Total
Deposits \$2½ million or less	5	30	22	43	100
Deposits \$2½-\$15 million	8	28	18	46	100
Deposits \$15-\$50 million	3	33	32	32	100
Deposits \$50 million or more	7	46	32	15	100

In cases where unit costs have not increased, or have increased but moderately, a number of the replies listed more efficient handling methods and new equipment as the reasons for keeping such costs down in the face of higher salary scales. The group of largest-size banks, of which only 15 percent reported unit handling costs more than 50 percent above the level prevailing when service charge rates were last modified, may have made greater strides along mechanization lines than have the smaller banks. However, the fact that 64 percent of these largest banks have revised their service charge rates since 1941, as against only 27 percent of the smallest-size group, means that the time of comparison for present unit costs with those previously prevailing is shorter for the larger banks than for the smaller.

If, as the replies to this questionnaire would seem to indicate, the costs of servicing depositors' accounts have risen substantially, whereas rates charged customers have not kept pace with this rise in costs, why have banks refrained from adjusting their service charge rate schedules? Doubt as to what their customers' reaction to such an increase might be may have been one reason.

To explore this possibility further, the question was asked: *"What was your customer reaction to the latest increase which you have instituted in service charges?"*

Chiefly because a number of banks have never increased rates since the initial establishment of service charges, the number of usable replies to this question was about one-third less than to most of the other questions asked. However, sufficient replies were received so that it was practical to divide them into two categories: (1) Banks which had not changed service charge rates since December 1941 and (2) banks which had made more recent changes.

Taking banks of all sizes as a unit, 96 percent of those in group (1)—no change since 1941—did not experience any important unfavorable customer reaction to their last change, and 94 percent of those in group (2)—one or more changes since 1941—also did not experience any significant unfavorable reaction from their depositors at the time of

(CONTINUED ON PAGE 121)



"—but my husband overdrew the account. Why can't you cash my check?"



HARRIS & EWING

A Glance at Some Events-to-Come

LAWRENCE STAFFORD

BEFORE the Administration got around to its decision about increasing required bank reserves, it felt some misgivings. As soon as the big governmental brass got through warning of inflation, the rest of the governmental hierarchy began to have doubts. What if maybe everything wasn't so inflationary as Mr. Truman thought? What if one conscious and unequivocal step in the direction of deflation might finally set in motion certain of the already visible forces of deflation and shake down the house of cards—and before November 2, voting day?

It was a particularly difficult decision for the Federal Reserve Board which, for these purposes, may be considered a part of the Administration. However independent legally, the Board is within the White House sphere of influence and it chose to play ball on the Administration team.

If the Board had decided, in the interests of caution, to avoid using the higher legal reserve, it certainly would have lost face with Congress, after having called ever since 1945 for power to boost reserves. Senator Taft, the Republican leader, made that uncomfortably clear. As he was getting ready to pull out of town after the brief special session which authorized the credit controls, he publicly predicted that the Reserve System would not use its powers to raise reserves.

Barring a serious shift in the economic cycle things are likely to stay much as they are until the newly-elected Congress and Administration can study the danger of a further rise in the cost of living.

What is in store beginning in 1949 for the commercial banks is hard to fathom with any certainty. One thing, however small, is beginning to look like a possibility.

Now that higher reserves, legal, cash reserves, are on the

statute books, there might be a reversion to 1947's proposition of higher reserves in the optional form of cash in vault, bank balances and short-term government securities. It would not be unreasonable to expect the Federal Reserve Board to come forward with that proposition. At the same time, it could be expected that the Board might recommend blowing away by law the confusion of geographical reserves, with separate requirements for banks in central reserve, reserve cities, and in so-called "country" districts.

Watch New Housing Aids

In the light of the performance being put on by the building industry, the housing aids enacted during the special session are of importance. With expanding construction and increasing volume of mortgage loans, it looks like a record year in home construction. Perhaps dwelling units completed will pass the million mark.

What Congress did about housing was less inflationary than might have been expected. While FHA insurance for large-scale rental projects was reinstated, mortgages were limited to 90 percent of values as of the end of 1947. This was seen here as a gentle effort to put some kind of a lid on the inflation of building costs.

Alterations of Title II, officials hope, will quicken the liking of builders for houses of \$6,000 or less.

There were other things, also, in the bill. Insurance of construction loans was provided for on-site fabricators of groups of 25 or more individual dwelling units costing not more than \$6,000 apiece. Likewise, the old provision of insurance for manufacturing pre-fabs was revived, with an addition. The addition is the apparent provision of insurance

for loans to carry the pre-fab from the factory to the dealer to the site.

Both the on-site and pre-fab sections are tied to Title VI, which is limited to March 31, 1949. The on-site fabrication is entirely new, and it remains to be seen whether many builders will grab for it. Only one of 25 pre-fab inquiries for FHA insurance under the old section was approved. The addition of dealer financing may bring in a few more, but generally the prefabricators appear to be disposed to stick to conventional financing, such as that of commercial banks.

In any case it appears that, regardless of the new housing provisions, the construction industry was shooting ahead anyway to build up to the available supply of materials. And it appeared that despite complaints of short mortgage money, mortgage money was actually let loose by one class of institution or another for everything that needed financing.

Way Clear for Deposit Insurance Cut

Banks may anticipate that there is a good chance Congress will be able to lower the rate of assessment for federal deposit insurance.

When Congress was considering in 1947 a bill to reduce the assessment rate, Chairman Maple T. Harl of FDIC made a counter proposition. He suggested that before the assessment was cut, Congress provide that the agency liquidate the Government's original investment in FDIC capital. Congress agreed with the idea. It left the rate of assessment alone, but passed a bill authorizing FDIC to repay the original \$139 million of capital invested by the Federal Reserve banks and \$150 million by the Treasury. The authorization was conditioned on FDIC not at the time reducing its capital funds below \$1 billion.

Now all the capital has been paid off. The last increment of \$12 million-odd was turned over to the Treasury August 30 and the Treasury stock subscription cancelled.

This creates the presumption that FDIC next year will not object if Congress again takes up the proposal to cut the rate of assessment. Unless conditions not now foreseen develop, FDIC's blessing may be expected. The agency, however, does not plan to take the initiative.



HARRIS & EWING

A recent portrait of the Board of Governors of the Federal Reserve System. Left to right, seated: Marriner S. Eccles, Chairman Thomas B. McCabe, M. S. Szymczak; standing, left to right: R. M. Evans, Ernest G. Draper, James K. Vardaman, Jr., and Lawrence Clayton

FDIC, in its annual report for 1947, again declared that "the smallness of capital equities in banks remains a serious problem." It said that 4,000 insured banks in 1947 had capital accounts amounting to less than 5 percent of their assets, while the total capital accounts of all insured commercial banks were equivalent to only 6½ percent of their total assets. FDIC observed that banks increased dividend payments last year while reducing below 1946 the volume of retained earnings.

Nevertheless, the agency said that banks were writing off their losses promptly, as evidenced by the fact that less than 1 percent of assets of insured commercial banks was found by examinations in 1947 to consist of substandard assets.

(CONTINUED ON PAGE 122)

Left, the Securities and Exchange Commission. Left to right: Harry A. McDonald, Robert K. McConaughy, Chairman Edmund M. Hanrahan, Richard B. McEntire and Paul R. Rowen. Right, a milestone in FDIC history. Secretary of the Treasury Snyder, left, receives from FDIC Chairman Maple T. Harl a check for \$12,604,306.58, representing the remaining indebtedness of the Corporation for capital stock purchased during the depression. Third from left is Comptroller of the Currency Preston Delano and, at far right, H. Earl Cook, member of the board of directors, FDIC



HARRIS & EWING



U. S. COAST GUARD

Service Charges by Whim and Guess

ERNEST S. WOOLLEY

THE service charges on checking accounts affect more bank customers than do any other bank charges. Therefore, they are of greater importance than other charges, particularly from the public relations angle.

Bank depositors cannot be blamed for resenting having their accounts analyzed in 40 different ways by 40 different banks. Neither can they be blamed for resentment, when they change their account from one bank to another, at being charged under an entirely different method than that to which they had become accustomed.

The checking departments of banks are basically the same whether the banks are large or small, or whether they are located in Maine or California, when the services rendered are the same. The method of account analysis should, therefore, be the same. There is really no excuse for the many differences and inconsistencies which exist.

"On Us" Checks

One of these inconsistencies is charging for "on us" checks deposited. Members of the Federal Reserve System strenuously oppose the practice by the non-par banks of charging exchange on their own checks. Yet by charging for "on us" checks deposited, those banks go one step further than the non-par banks. The exchange charged by non-par banks is made only on their checks coming to them from out of town. They make no charge if their checks are deposited with them.

It matters not what arguments may be presented in an attempt to camouflage a charge for "on us" checks deposited. The cold fact remains that such a charge means that those checks are not being paid at par. And that is exchange. Exchange is exchange whether the amount charged is $1\frac{1}{2}$ cents or 10 cents.

Furthermore, as the banks have charged the drawers of the checks, those drawers have the right to expect that their bank will pay their checks at par, and not assess an additional charge against the payees, thereby reducing the face value of their checks.

Some banks are charging the same price for all kinds of items deposited

with them, whether those items are "on us," on another bank in town, or on banks outside of town. Other banks make no charge for "on us" items deposited and differentiate between local and out-of-town items. Neither the cost to the banks nor the service rendered to the depositors is the same for collecting checks drawn on local banks as for those drawn on out-of-town banks.

Whether those banks which charge the same price for all items base their charge on a hypothetical average cost of all items, either deposited with them or not, is beside the point. Under such a rule the depositors who have a preponderance of local items are paying part of the costs of those depositors who have a preponderance of out-of-town items. This is one of the inconsistencies which cause depositor resentment.

Many of the inconsistencies in service charge methods are directly traceable to theoretical analyses of bank costs made from incomplete cost records 20 or 25 years ago. In the desire, presumably, to follow the cost accountant's goal of "laying all costs at the point of the tool," many of these analyses over-emphasized indirect and administrative costs. In fact they went so far as to place selling prices on these overhead costs.

All businesses have overhead costs, but they are merely included in the selling prices of the articles and are not shown as separate items. Before there can be any uniformity of method in checking account analysis, bankers must follow the same basic rule and not stay lost in a maze of theory.

Despite more than two decades of practice and discussion, says Mr. Woolley, a bank analyst and writer, there is still a woeful lack of uniformity in bank service charge methods. This is true not only of banks located in different parts of the country but also, very frequently, between banks in the same community.

While it is agreed that there will be and, in fact, should be some differences in the prices charged in different localities, nevertheless there should be consistency in the methods by which those charges are arrived at. Only the more pronounced of the inconsistencies are being discussed here.

Banks are only performing two services in their checking departments. These services are acting as paying agent and collecting agent. They act as paying agent for their own checks and as collecting agent for the checks drawn on other banks which are cashed or deposited with them. All costs plus profits for the department, therefore, should be placed on these two services. When banks follow this fundamental rule of business they not only make it much easier for themselves, but also they make the charges more easily understood and accepted by their depositors.

Average Balance Theory

One of the erroneous theories founded on these theoretical cost analyses of the past is the use of average balances as the basis for evaluating the credit to be applied against the demand deposit accounts. This average balance method has been a snare and a delusion to many bankers for many years.

The old theoretical argument that one account goes up as another account goes down has been proved erroneous many times. With very few exceptions, the character of the different deposit accounts remains the same month after month. The fluctuations in the deposit accounts are reflected in the cash reserves and not in the earning assets. Comparison of the fluctuations in the large deposit accounts with the fluctuations in the cash reserves will prove this to any banker.

It is axiomatic that the larger the account, and the greater the fluctuation
(CONTINUED ON PAGE 95)

How to Avoid Internal Losses

A. F. LAFRENTZ

Mr. LAFRENTZ is president of the American Surety Company, New York.

SELF-EXAMINATION, which has long been urged upon individuals, may also be urged upon banks when it comes to the question of dishonesty losses. Convenient methods are those of self-questioning and the study of losses sustained by others with a view to seeing that "it can't happen here." Bankers who wish merely to study the losses of others can find considerable material in the public press, the trade press and even in popular magazines as fact or fiction. For those who wish to try the question method, here are a number of questions and a discussion with examples of kind of losses involved in each case.

Cash Shortages

Does an officer or the auditor of the bank take over at irregular intervals and without notice each teller's cage and balance cash? If so, how frequently?

Two types of losses are associated with this question. One is represented by cash shortages with no attempt to cover. The second type is a cash shortage concealed with fictitious cash items.

An example of the first type is that of a teller in a large bank who used his cash to bet on horse races. His shortage dated from February to August and finally amounted to \$5,980. He had been checked in January but not again until August when he was finally caught.

The use of fictitious cash items is commonly employed. We had a loss where a paying teller built up a shortage to \$18,000 over a two-year period. Fictitious cash items were inserted in his cash to cover his stealings from his cash drawer.

If each teller had had his cash checked and balanced by an officer about once a month but without warning, these shortages would have been caught in their early stages.

Do bookkeepers or other employees have access to tellers' cages or have duties at tellers' windows?

In a claim, representative of this question, a bookkeeper embezzled \$30,557 over a 10-year period. Her duties

included the counting of cash deposits received by the teller. She posted the proper amounts to her ledger sheets but falsified her daily proof by excluding the amounts she had stolen. Since she also posted the general ledger she had no difficulty in carrying her falsified proof to the general ledger.

In another case the bookkeeper stole \$9,753 over a six-year period. While acting as relief teller, he held out deposits, omitting them from his teller's proof of the day's work. He posted these deposits when acting as bookkeeper, pulling ledger sheets to keep in balance with the general ledger control.

In either case the access to cash as well as records permitted the bookkeepers to steal and conceal their shortages.

Are all debit and credit tickets to the general or individual ledgers initialed by an officer?

A general ledger bookkeeper ran up a shortage of \$246,000 over a six-year period. He had put through fictitious credits to accounts of a number of friends. These credits permitted the honoring of overdrafts. To cover, he put through debit tickets to other accounts, subsequently wiping these out with credit tickets. He kept his manipulations from discovery by falsifying the general ledger control accounts under his supervision. He was caught (after six years) when he attempted to fool a national bank examiner by putting through a debit ticket for \$246,000. In his haste he wrote the ticket for \$24,600.

As general ledger bookkeeper he should not have been permitted to put through debit and credit tickets to the individual ledger accounts. Failing to have the necessary authority to initiate such memoranda, the individual ledger bookkeeper would have refused to post them.

Is it the practice to rotate bookkeepers and savings tellers? How frequently?

A bookkeeper had been assigned to one section of the individual ledger for nine years. Her personal account was in her own ledger section. She not only put through checks and debit tickets against her own account but also against the accounts of others in her section of the ledger. She took the proof of her own section and falsified it to agree with the

general ledger control. In addition she prepared the statements for her section and falsified those on which the accounts had been manipulated. Her shortage aggregated \$18,955.

The frequent rotation of bookkeepers at irregular, unannounced intervals would have prevented this bookkeeper from running her shortage to such a high figure.

How often are statements for checking accounts sent to all depositors? If statements are not sent, how are they delivered to depositors?

These questions are closely related. As an example, we have a claim in a fair-sized bank where a teller, over a two-year period, created and concealed a shortage of \$18,964. In this bank, statements, after preparation, were kept on a shelf in the vault waiting for depositors to call for them. The teller simply picked out the statements for the accounts he had manipulated and substituted false statements.

If the statements had been sent to depositors periodically, and if the teller had not been permitted to have access to the prepared statements even for the purpose of delivery to depositors through his window, he could not have concealed the shortage in the way he did.

Who reconciles differences reported by depositors?

A teller stole \$5,774 by withholding deposits. Customers who received incorrect statements complained to the teller who glibly explained that errors had been made. Luckily one customer complained to an officer who investigated and found the shortage.

Tellers should not be permitted to reconcile any differences reported by depositors.

Verification By Mail

Do the directors' examinations include verification of loans and collateral securities by direct correspondence with borrowers?

A branch manager forged the names of "borrowers" to notes. He collateralized many of them with securities taken from those held for safekeeping. The default extended over a five-year

(CONTINUED ON PAGE 95)

Are You Missing Trust Business?

ALBERT JOURNEY

This is the first of two articles in which Mr. JOURNEY, vice-president of The Purse Company (Chicago office), reports on his study of the trust business and market in Rockford, Illinois. The other instalment will appear in November BANKING.

ROCKFORD, Illinois, is an excellent proving ground for trust business. It has three trust departments, an estimated population of 85,000 (Winnebago County 125,000). It is a prosperous community with a wide diversification of industry.

With the cooperation of the trust officers in the three trust departments, the writer made a study of the status of trust business in that city. The study was divided into four classifications:



The trust prospects. The objective was to determine the prospect's attitude toward the corporate fiduciary, his understanding of the need of trust service, his state of testamentary preparedness, the effect on him of the trust department's advertising program. To get this information, three days were spent interviewing a cross-section of the business and professional men in the community. They had been selected from the trust mailing lists of two of the three banks. In the main, they were Grade A prospects; men with substantial estates who had not previously indicated their testamentary status to their bank.

At the same time, my associate, Mrs. Ries, interviewed a group of well-to-do women whose names had been similarly selected.

Bank employees. The objective was to determine how much or how little bank employees know about trust services; what opportunity existed for cooperative effort on their part; what contacts they had with trust prospects; their attitude toward the department. This section of the survey was based on a carefully compiled questionnaire filled out by the members of the staff of one of the banks.

The lawyers. Since lawyers are a vital channel for trust business, we made a special effort to determine their attitude toward the corporate fiduciary. To accomplish this, leading lawyers were interviewed. Some of them were young men, others represented the senior viewpoint.

A general statistical study of the trust market. This fourth step was simplified as one of the trust officers, George H. Arnold, vice-president of the Illinois National Bank, had compiled an eight-year record of all Winnebago County estates.

Later, the details of each of these divisions will be discussed and the points developed. Meanwhile, some general observations are listed.

Anyone who has had experience in conducting studies of this type knows that as the work progresses, certain definite

factors and impressions arise out of the maze of interviews and figures. Here are some from this study:

(1) Trust business has developed slowly in Rockford.

(2) It has gathered impetus in the past two years due to keener competition, more persistent education of prospects through advertising, better organized and equipped trust departments. An indication of this is that one of the three banks knows it was named last year in 44 wills, and believes it was named in at least 44 others. Prior to the past two years, it had only a handful of wills in its files.

(3) There is a definite leaning toward the corporate executor-trustee by people with substantial estates. While they are not yet wholly sold on the trust institution, they realize that most individuals lack certain basic qualifications that the trust institution has, though it still has far to go in perfecting its service.

(4) Most of those interviewed are men and women over 45 years of age. They are keenly interested in estate protection. They realize the necessity of preparing for the future. This is demonstrated by the fact that all but one or two read the trust advertising and find it interesting. Most of them had some kind of estate plan though procrastination and lack of information had deterred many from putting these plans into working form.

(5) Procrastination plus the individual executor are the trust department's main competitors, not the rival trust institution. Trust accounts normally follow the bank account.

(6) **Chicago bank competition.** The record does not indicate that the Chicago banks offer too active competition on personal trust services. The probate records show only one large Rockford estate going to a Chicago bank in the past five years.

However, a number of living trusts, agencies, and pension trusts of Rockford people are under Chicago management. Occasionally representatives of Chicago banks do some soliciting in Rockford which is 90 miles distant. But these banks should not offer too keen competition. They have more prospects at home than they can now contact. Also, their correspondent bank business is worth more to them than such trust business as they get in other cities. If their competition becomes too rough, the banking connection could possibly be used as a brake.



(7) Unless the trust institutions can develop plans for personal contact with a larger number of prospects, and wider advertising coverage, the development of their business will continue to be retarded. With proper plans, they can cut the development period in half.

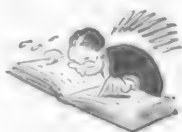
(8) The two most difficult groups to interview are doctors and women. Doctors who need trust service, immediate and eventual, as much or more than any other group, still have

crowded offices and little time for affairs other than medical. The A.M.A. is conscious of their weakened public relations standing. But this thought has not reached the average physician.

Women are not hard to interview, but, due to their varied interests, it frequently takes several calls to find them in. They are inclined to be somewhat more suspicious than men; but once they start to talk about their affairs, they are frank and informative.

One of the best ways to inform women on trust matters is through group discussions. They are increasingly conscious of their growing financial importance. They welcome discussions on wills, taxes, and investment matters. Numerous women's clubs would appreciate informative talks on these matters. Trust officers have an unusual opportunity here for mass education of prospects. They should also include a larger number of women on their mailing lists.

(9) The men and women who work in most banks know no more about the service of the trust department than does the average prospect. To them, the trust people are still



"the boys in the basement" or "the boys on the balcony," who mess around with certain legal technicalities that have little to do with banking.

(10) While banks' public relations have improved markedly, many persons still believe a banking institution is cold and impersonal. Several prospects indicated this as their major objection to selecting a corporate fiduciary.

(11) The 1948 Revenue Act has increased interest in estate matters. Shrewd business men are trained in eliminating unnecessary taxes in their business. They are becoming equally alert when it concerns their estates. Several mentioned that their estates were currently under review with counsel, accountants, or trust officers.

Let's consider, in this first article, the detailed findings of two of the four main sections of the report.

Trust Prospects

The interviews with trust prospects prove the trend towards the corporate fiduciary. The next few years will see an impressive growth in the business of institutions that intelligently develop immediate and future trust accounts.

All but one of the business and professional men, and all but two of the women interviewed, said they read the trust advertising sent to them by banks.

A scattered few said they read them only casually, but the majority said they found them of great interest. Only one said he did not like to receive trust literature.

About half of the group said they discussed testamentary matters with a spouse or close relative. Sometimes this was prompted by the advertising, and sometimes by the death of friends or relatives.

Slightly more than half of the men said they preferred a trust institution to manage their estates. The major reasons given were: Permanency of the corporate fiduciary; greater familiarity with investments; impartiality on part of corpo-

rate fiduciary; confidence in the bank; bank more experienced, has handled many estates.

The trust institution was not without its critics, and some were severe. Several commented that a bank was cold and impersonal. Another criticism was that the individual selected would have a more intimate knowledge of a going business and of the family's needs.

Two persons cited cases where, they said, bad advice by banks or bankers had dissipated estates. This advice did not necessarily come from the trust department. Another had friends who sought information about their estates from banks but failed to get constructive help.

A frequent comment was that bankers were glued to their chairs and never took the trouble to call on customers or prospects.

In some of these criticisms we can see a carry-over from unfavorable public relations that banks built up in other days. Banks know this. Its correction is a major plank in their platforms.

Most of the prospects knew that a trust department would analyze their estates without charge.

The opinions on the cost of trust service were mixed. Few had any idea what these charges were. Most felt that they would be reasonable.

The answer to the question "Has anyone from your bank or other trust institution ever contacted you to explain its trust services?" would provide a shock to a sales-minded executive. Only two persons answered "yes" and both said it was in a casual meeting. This is in line with what I have found in other cities. Only a small percentage of trust prospects have been exposed to personal selling.

There are reasons for this, especially in the moderate-sized departments where contact work is one of the trust officer's many tasks. He can be in only one place at one time. His duties make it difficult for him to leave his desk often enough to contact any substantial number of new trust prospects. But this does not mean that many trust officers are not devoting a goodly part of their time to selling. At least one of



the Rockford banks is now securing better than a will a week, and trust institutions don't acquire new business of that volume unless someone is aggressively seeking it.

Where full-time trust solicitors are not available, and that includes most moderate-sized and small trust departments, the answer lies in securing the cooperation of the bank staff for contact work.

Women

Due to the difficulty of obtaining interviews with women of wealth, fewer women than men were interviewed. The difficulty did not lie in their unwillingness to be interviewed. It was due to their absence from home in the pursuit of social duties.

However, the group interviewed was an excellent cross-section of women trust prospects; probably the results would have been the same had the number been larger.

There were some marked differences from the replies given

(CONTINUED ON PAGE 116)

Investments of Large and Small Banks Show Marked Contrast

DANIEL H. ERDMAN

MR. ERDMAN, *president of the Quakertown (Pennsylvania) Trust Company, is chairman of a special committee of the Country Bank Operations Commission, American Bankers Association, which recently completed a comprehensive study of the investment policies of smaller banks. This article is based on that study. Other members of the Committee were John W. Brown, Jr., president of the First National Bank, Sylacauga, Alabama; Arthur T. Fort, president of the Farmers State Bank, Lumpkin, Georgia; Raymond B. Linsley, president of the First National Bank of Three Rivers, Michigan; F. R. Rantz, president of the Elliott State Bank, Jacksonville, Illinois; and Will A. Lane, president of the Security Savings Bank, Marshalltown, Iowa.*

A MARKED difference between the changes that have taken place during the past two years in the investment policies of larger banks as compared with smaller banks was brought out in a study recently completed by the Country Bank Operations Commission of the American Bankers Association.

The large banks have made very substantial adjustments in their maturities of U. S. Government securities in this period. Between June 30, 1946, and May 31, 1948, large banks increased their percentage of "governments" with maturities of five years or less from 63.9 percent to 81.9 percent. On the other hand, their percentage of government securities having maturities of more than five years declined from 36.1 percent to 18.1 percent.

The Commission's study, as of June 30, 1948, in which 3,742 smaller banks participated, showed that 61.5 percent of their government securities had maturities of five years or less and 38.5 percent had maturities of more than five years.

From these facts the question arises as to whether the smaller banks are two years behind a national trend or whether the difference in investment positions is the result of local conditions.

Each bank participating in this study has received from the Country Bank Operations Commission a report showing national and state averages, in addition to its own confidential figures, which will be useful in formulating investment policies.

The monthly Treasury survey of the ownership of U. S. Government securities has shown that banks greatly shortened the maturity distribution of their securities between June 30, 1946, and May 31, 1948. The Commission's study fills the significant gap in the information concerning investment holdings of the small banks which are not included in the Treasury survey and which represent nearly one-half of the commercial banks in the United States.

The Commission sent a questionnaire to all A.B.A. member banks with deposits of less than \$10 million. A total of 3,742 banks supplied detailed information relative to the investment policies of their banks. The requested data on bank holdings covered U. S. governments, municipals, corporates and other securities, according to maturity dates; cash,

capital funds, loans and discounts, total resources and deposits by size of account.

As previously stated, larger banks, representing about half the number of banks, and holding nearly 90 percent of all United States Government securities owned by commercial banks, have been shortening maturities of these securities. Between June 30, 1946, and May 31, 1948, about 7,300 of the larger commercial banks reduced their percentage of government securities having a maturity of more than five years to 18.1 percent from 36.1 percent. They accomplished this change in maturities largely by retaining securities of short maturity and reducing their holdings of long maturities. Banks reporting to the Treasury reduced their holdings of securities with maturity of more than five years from \$27½ billion in mid-1946 to \$10½ billion at the end of May 1948. Total investments in government securities were reduced from \$76 billion to \$58 billion.

Smaller banks in states that have had the largest increase in deposits since 1941 have followed a course parallel to that of the larger banks. The smaller banks in states like Connecticut, Massachusetts, New York, New Jersey, Pennsylvania and Rhode Island, which have had a lesser percentage increase in deposits than the national average, have not adjusted their maturities to the same extent as have banks in other states. The large number of smaller banks in these states has substantially lowered the averages shown in the table for the United States, and may give a misleading impression of what has taken place. *Each banker should carefully study the figures for his own state and for his own bank.*

Smaller banks have maintained longer maturities in their municipal and corporate obligations than in their United States Governments. However, aggregate holdings of all securities other than United States governments on June 30, 1948, were less than 10 percent of deposits, compared with 51 percent for United States governments and 26.7 percent for loans. All corporate and municipal obligations combined are less than 4 percent of total deposits of banks that participated in this study.

The smaller banks have a very satisfactory cushion of capital funds for the protection of depositors. Capital funds on June 30, 1948, were equal to 34 percent of total loans and discounts; 12 percent of riskless assets (total resources less cash and government securities with a maturity of one year or less); and 7 percent of total resources.

The high percentage of United States Government securities held by these banks, equal to 51 percent of deposits on June 30, 1948, assures complete liquidity if there should be any substantial shift in bank deposits out of a locality.

The map on pages 84 and 85 of the September 1948 issue of *BANKING* shows percentage changes in deposits by counties, December 31, 1941, to December 31, 1947. Bankers in areas that have had the greatest percentage growth in deposits usually try to keep their investment portfolios in sufficiently liquid condition to permit anticipated withdrawals, unless changed conditions warrant the assumption that these deposits will be of a more permanent nature.

STATE GROUPS		No. OF BANKS	PERCENTAGE DISTRIBUTION OF INVESTMENTS OF 3742 COUNTRY BANKS WITH DEPOSITS OF LESS THAN \$10 MILLION EACH, GROUPED ACCORDING TO U. S. GOVERNMENT SECURITIES, STATE AND MUNICIPAL SECURITIES, AND CORPORATE AND OTHER OBLIGATIONS, JUNE 30, 1948 BY STATES.										PERCENTAGE OF DEPOSITS OF 3742 COUNTRY BANKS REPRESENTED BY UNITED STATES GOVERNMENT SECURITIES, STATE AND MUNICIPAL SECURITIES, AND CORPORATE AND OTHER OBLIGATIONS, JUNE 30, 1948 BY STATES.					RATIOS OF TOTAL CAPITAL FUNDS OF 3742 COUNTRY BANKS TO: TOTAL RESOURCES; LESS CASH AND UNITED STATES GOVERNMENT SECURITIES WITH MATURITY OF ONE YEAR OR LESS; AND TOTAL LOANS AND DISCOUNTS, JUNE 30, 1948 BY STATES.					
			UNITED STATES GOVERNMENT SECURITIES					STATE AND MUNICIPAL SECURITIES					CORPORATE AND OTHER OBLIGATIONS					RATIO OF TOTAL CAPITAL FUNDS TO:					
			Under 1 Yr.	1-5 Yrs.	5-10 Yrs.	10-20 Yrs.	Over 20 Yrs.	Under 1 Yr.	1-5 Yrs.	5-10 Yrs.	10-20 Yrs.	Over 20 Yrs.	Under 1 Yr.	1-5 Yrs.	5-10 Yrs.	10-20 Yrs.	Over 20 Yrs.	Loans	Govt. bonds	Municip. bonds	Corp. rates	Total Resources	Total Resources Less Cash and 1 Yr. Discounts U. S. Govt.
Ala.	41	30.3	20.0	34.8	8.6	6.3	5.8	27.2	38.6	24.9	3.5	19.9	53.6	22.6	18.3	19.5	24.2	50.8	6.6	1.3	6.3	10.6	35.3
Ark.	29	39.0	27.3	24.6	4.9	4.2	25.7	29.1	32.0	13.0	2.2	14.2	39.7	8.3	18.3	19.5	35.2	42.8	4.3	1.2	5.7	9.4	20.4
Calif.	43	50.1	21.0	24.8	2.8	1.3	15.0	24.3	27.2	23.7	9.8	10.7	51.0	6.1	3.6	27.6	28.3	45.2	4.9	4.1	6.7	11.5	30.3
Ill.	75	35.1	30.1	27.5	4.3	3.0	13.6	36.4	26.8	20.4	2.8	24.8	36.6	16.5	8.4	13.7	29.2	50.0	5.0	2.0	6.8	11.5	29.4
Ind.	50	50.2	25.7	15.4	3.6	5.1	29.9	25.4	25.7	22.1	5.9	23.6	36.9	14.6	12.2	12.7	26.2	47.7	4.7	3.4	5.8	15.2	28.6
Iowa	57	24.5	20.0	37.0	11.7	6.8	19.0	34.9	25.7	13.1	7.3	8.8	23.3	12.8	28.5	26.6	29.7	50.4	1.3	3.8	8.7	12.8	38.4
Kent.	56	24.6	24.0	31.7	12.3	7.4	5.6	20.8	34.3	11.1	8.2	11.7	23.4	11.0	24.6	29.3	32.6	51.1	2.9	5.9	8.8	12.6	41.9
La.	34	35.8	31.0	26.7	3.6	2.9	40.4	19.8	17.5	18.9	3.4	35.1	69.3	8.2	17.7	4.8	39.9	44.3	3.3	2.6	9.4	18.3	31.0
Md.	41	49.2	22.8	23.4	2.8	1.8	26.6	36.3	26.3	10.5	3.3	35.1	37.9	10.1	2.5	14.4	27.2	48.3	4.2	1.5	5.6	11.8	26.3
Mich.	183	35.4	23.5	30.5	5.3	5.3	25.8	27.7	28.5	17.2	8.2	21.9	27.8	22.5	14.8	13.0	18.6	57.3	5.5	2.9	6.0	10.2	38.9
Min.	158	39.1	25.5	27.0	4.6	3.8	17.9	39.8	31.1	9.8	1.4	18.2	29.0	25.5	13.3	13.7	23.0	57.9	3.2	2.4	6.0	10.5	35.4
Miss.	175	45.3	23.6	24.8	4.3	2.0	19.3	34.2	30.2	14.4	1.9	21.3	38.4	12.8	14.8	13.0	24.0	55.3	6.3	3.4	5.9	11.1	40.5
Mo.	228	51.2	24.8	18.6	2.5	2.9	23.2	35.8	27.1	13.5	5.4	23.1	40.6	16.2	4.0	6.1	25.6	51.0	6.4	2.1	6.2	13.1	33.3
N.H.	41	48.5	22.3	22.7	2.4	4.1	14.9	25.0	26.7	28.8	4.6	7.1	49.5	11.6	17.7	14.1	28.7	56.5	2.9	4.3	7.6	14.3	34.3
N.J.	55	45.9	19.7	24.7	7.5	2.2	12.4	35.0	27.2	21.2	4.2	28.7	58.7	9.1	3.5	...	26.6	42.2	14.9	1.8	6.5	12.2	35.3
N.Y.	83	27.9	21.8	29.9	11.6	8.8	41.1	17.4	18.6	17.9	5.0	4.8	18.7	16.4	14.1	46.0	39.5	39.9	4.5	6.8	10.0	14.7	35.0
Pa.	163	31.0	25.8	32.4	5.2	5.6	8.3	30.5	41.2	18.6	1.4	11.1	34.4	23.4	12.5	18.6	21.2	45.9	6.2	2.7	6.7	10.2	23.8
R.I.	252	48.7	22.7	22.1	3.8	2.7	30.4	34.2	24.4	10.1	1.9	40.6	40.6	12.4	3.9	2.5	24.2	54.5	4.9	4.2	5.9	11.7	30.3
S.D.	163	41.2	24.8	24.5	6.3	3.2	21.0	30.1	32.6	14.8	1.5	19.7	34.2	16.6	14.8	14.7	32.2	46.1	4.5	4.3	6.9	12.3	24.2
Tenn.	149	46.4	22.3	24.6	4.1	2.6	35.5	19.4	24.8	18.0	2.3	3.7	69.0	16.5	1.8	9.0	18.8	60.8	2.1	3.3	5.8	12.6	38.5
Tex.	117	24.9	19.0	33.8	10.9	11.4	16.5	26.6	34.7	14.5	7.7	10.1	18.8	16.8	22.1	32.2	27.3	51.6	6.1	5.8	6.6	9.2	34.6
Vt.	218	21.3	18.7	39.8	11.3	8.9	16.4	32.0	27.3	13.9	10.4	7.7	24.4	18.8	18.9	30.2	29.4	52.8	4.3	4.8	8.4	12.0	41.6
W.D.	38	36.5	23.4	23.4	14.7	2.0	9.3	45.5	26.6	17.7	9.9	7.2	42.0	21.6	12.3	16.9	41.5	43.4	6.7	2.2	8.2	12.1	25.3
W.V.	32	48.7	24.0	23.2	2.8	1.3	30.7	20.8	37.7	10.8	...	33.1	58.0	6.3	7.2	2.4	11.6	68.2	3.4	3.6	4.7	13.6	50.6
Wis.	183	26.6	22.3	35.9	7.7	7.5	10.2	26.3	33.8	26.4	3.3	8.8	29.9	18.0	16.9	26.4	27.9	49.4	7.3	3.4	7.2	10.0	31.7
Wyo.	115	51.3	23.5	21.3	2.3	1.6	18.0	41.5	26.3	13.7	5.5	...	51.2	18.8	20.0	10.0	26.0	41.2	6.3	9.9	6.8	14.7	34.0
Total	303	20.1	20.8	34.0	12.8	12.3	10.9	17.1	28.1	27.4	16.5	8.0	15.0	11.9	21.9	43.2	27.9	52.7	4.5	7.7	9.3	12.9	48.4
	68	62.1	19.0	15.7	2.5	2.7	32.3	29.7	27.0	10.3	7.1	60.5	29.7	9.7	16.5	63.6	4.4	3.7	5.3	14.1	45.0
	41	40.0	22.5	28.6	6.2	2.7	9.0	34.8	35.6	18.8	1.8	...	71.6	1.8	6.6	20.0	33.8	42.9	8.9	5.5	6.9	11.2	28.1
	219	47.6	23.1	22.8	2.7	3.8	20.2	32.6	29.0	16.9	1.3	37.1	37.2	8.6	9.7	7.4	27.5	40.4	7.0	2.0	6.6	13.6	30.6
	54	26.1	22.8	31.2	10.5	9.4	7.9	25.8	28.0	29.0	9.3	9.1	26.3	14.9	16.6	33.1	44.2	39.5	4.5	2.7	9.0	13.0	25.2
	39	28.1	24.2	31.2	7.3	9.2	6.1	20.5	30.7	32.0	10.7	10.6	15.9	9.3	14.8	40.0	47.9	43.4	3.3	6.7	10.4	29.4	29.4
	239	38.3	25.4	28.2	5.1	3.0	15.9	34.5	33.0	13.8	2.8	10.7	42.7	18.0	13.3	15.3	25.1	57.1	4.2	3.3	6.2	11.2	33.2
	3742	37.8	23.1	27.8	6.2	5.1	19.5	30.4	29.1	17.0	4.0	16.4	32.8	15.6	14.4	20.8	26.7	51.0	5.3	4.5	6.9	12.0	34.2

The above table represents one section of the report furnished banks which participated in this investment study. Comparative schedules, a map showing deposit increases by counties and other interpretive data were also furnished. Copies of the complete study are available from the Country Bank Operations Commission of the American Bankers Association

Homespun Customer Relations

GEORGE STAMFORD, head guard at the Fourth Avenue office of the Peoples First National Bank & Trust Company, Pittsburgh, was the last of the 53 speakers participating in the bank's recent orientation training program for its employees. Mr. STAMFORD's talk, which brought out informally but forcefully the potentialities in his job, was recorded without his knowledge. Later, with his permission, the bank circulated a transcription among the staff as an excellent example of good customer relations. Here, in part, is what he said.

GOOD MORNING, ladies and gentlemen. I want to remind you that I am the last speaker of this series. I'm the last part of the bird that goes over the fence, but that's all right with us. I'm going to start off with something new and different, so I'm going to ask you to bear with me in any mistakes I may make; and what I lack in eloquence I shall try to make up in earnestness and sincerity.

The main duty of a guard comes under two phases. I am going to deal with the first phase first. When the floorman comes in in the morning, he inspects the floor, he sees that there isn't anyone there who shouldn't be there. Opens the money vault, opens the big vault, sees to the lights and stands by at the main switch to get ready, of course, to open the bank. This is 15 minutes before the bank opens. I usually use that 15 minutes by giving them the chorus of that Oklahoma melody, "Oh, what a beautiful morning, Oh, what a beautiful day," in a loud voice and they just love it, I hope! Anyway, it starts us off for the day. I pull the main switch and we are off! Go to my appointed post, directing people, guarding the money floor, see that the payrolls go out, and making myself generally useful as a guard.

THE second phase comes when I become a salesman for the bank in addition to my other duties. I become a member of a team, many teams—a trust department, Time Plan department. In this particular phase, I'm going to give you one example of teamwork with the business development department as concerns the floorman.

I call it the Philadelphia Story. You won't have to pay to see this Philadelphia Story and if all goes well, we will make some money instead. We are going to Philadelphia with Mr. Ligo on one of his business trips and follow

The speakers in the Pittsburgh bank's recent training program constituted a complete cross-section of the bank's departments. They told their stories before 200 of the non-officer supervisors and other key personnel during this 21-week course of instruction. Representing all the bank's offices, the staff member-trainees met in four groups of 50 in the board room one hour each morning, four mornings a week, to learn at first hand the bank's goal in the community, its policies, and its services to the public.

Emphasis was placed on the bank's services to the customer and the purpose of these banking functions. No attempt was made to describe how the duties were performed. Cooperation among the divisions was encouraged by having the divisional representatives tell how and why their work was interrelated.

President Robert C. Downie, summing up the benefits obtained, says: "This project was the result of a survey by the bank which clearly indicated that our key personnel knew their own jobs well, but lacked familiarity with the operations and policies.

"As a consequence of this training program, 200 of our key personnel are now able to talk intelligently about our bank's program, functions and services and are also acquainted with the individuals responsible for the various phases of the bank's operations. This knowledge of whom to contact will, in itself, reduce misinformation and misdirection. Even more important, these 200 staff members are better salesmen and saleswomen of the bank's services, for they now realize the importance of our bank to the community as well as the broad opportunities that exist for them in the bank itself. The program will be repeated for others of the bank's personnel in the coming year."

through on one of his contacts as he calls on a corporation that we hear is going to open a branch in Pittsburgh, and contact the vice-president of this corporation.

Mr. Ligo first sells himself and then he proceeds to sell the bank—you and me. He tells them what a fine bunch of people we are, how we can handle his collections, how we can do this and how we can do that, and he impresses this vice-president to the point that he says yes. We can have the account.

So one fine morning this man comes in and we're on the job as he appears in the doorway with many, many others, but he pauses for a fraction of a second in the door and we're trained to know that this man is in strange territory, and we go forward with a smile and we say, "Good Morning, can I help you?" He says, "I want to open a new account." "Come with me, sir, and I'll show you the way." On the way down, we go about 20 or 25 feet, and I say, "Nice Morning, What is your namesir?" "Mr. Roy Brown." By that time we have reached the new account department, and I say, "Mr. Brown, I would like to have you meet Mr. Bergman, our new account manager." He shakes hands, smiles, and Mr. Bergman says, "How can I help you?"

Well, the business goes forward. After opening the account, he is introduced to two tellers and possibly an officer. On the way out I invariably get a little wave of the hand as though to say, "O. K. fellow."

Now let's analyze that contact. He came in a stranger and you know how you feel when you go into a strange building somewhere—you feel sort of lost. He met a friendly reception, he met courteous and efficient treatment, I can assure you of that, and altogether he met five people. He goes out a friend.

The important part of it is that the floorman was the second contact that that man made with the bank. So you see how important it is that we do our very best to create that favorable first impression. Now in every business, I don't care where you go, a certain group of people, maybe one or two, have that disposition to ignore the customer goodwill value. They want no part of it.

Now this man from Philadelphia has already made six contacts of this team, and then it goes along and might reach 15 or more: the bookkeeper, the collection teller, etc., who are all members of the team. He might come in one particular morning and be given a sour look in an uninviting, grudging manner as though he were a bother and an in-

interruption to other work. Now this is likely to create a very bad impression. It is liable to cause a breaking of the chain. It's liable to undo all the good spadework of other willing members of the team, and we can't afford to have that possibility occur; therefore, every member of the team must consolidate his work with the rest of them or else I say this could happen; and I, myself, mind you, when I go into a place of business, demand what I am so freely ready to give, courtesy, efficiency, and good treatment. If I don't get that, I am going to walk four blocks to where I can get it and you are the same as me. The moral there is that everybody must be treated the same way. The teamwork must be there.

Now, let's get back to work. The floorman must and should have a fair working knowledge of every department of the bank, because he gets so many different questions thrown at him in the course of the day, and there is not always an officer available to answer them for him. Following are a few examples: "Where do I take this trade acceptance?" "Where do I take this bill of lading?" "Where do I get a new resolution for officers of our corporation?" "Where do I take this short certificate?" "Are you transfer agent for this corporation?" "Are you registration agent for this corporation?"

There is never a day passes that something new doesn't come up, so that a fair working knowledge is essential to speed a customer to that department. You have to be agreeable, you have to understand people, and you have to like people. He must not force himself to do that; it should come easy. It is a good thing to get to know customers' names and, at Fourth Avenue, we make it a point that Mr. Bergman comes to me after a particular customer comes in, and he says, "George, that customer you saw me with was Mr. Brown. He is representing such and such a company here, and the offices are going to be so and so." So that when Mr. Brown comes in next time and probably he is from Philadelphia, too, I'll say, "Good Morning, Mr. Brown. How are you this morning?" Some little thing. To remember the names of customers is very useful. I find that if a man comes in and I say, "Hello, Mr. Johnson," I invariably get a nice smile back. We make a lot of friends in the bank through the customer.

We must not be under the impression that customer relations is some new fangled theory. It is not. It is an age-old theory handed down from possibly a generation or more.

Now let us get down to the very important subject here and that is the customer. When people say to you, "Oh, I know how difficult it is dealing with the general public," and they hold their hand up in horror and say, "Gee, I understand the difficulties you go through," take that with a grain of salt. That reminds me of a story, a Quaker story. Two Quakers were talking and one Quaker said to the other, "Peter, everybody's queer but thee and me. Sometimes I think thee's a little queer." And that applies to us all. We're all a bit queer; we all have our peculiarities and that is all the more reason why we should all try to understand each other and the customer who comes in—to make allowance for those peculiarities. For this customer, as a group, is the most important man that comes into our bank—far more important than anybody in the bank—because this customer as a group pays our salaries, pays our expenses, and he pays our dividends. Therefore, he should be looked after and we must realize the value he is to us. I am tickled pink every time anyone comes in and says he wants to open a new account, and it tickles me to take him back to the new account department, and I consider it all grist to our mill. Of course, I'm a little bit Scotch, too.

This floorman, as I said before, becomes a part of every department; I consider myself just as much a part of the trust department, Time Plan department, or any other department in the bank as I do with any job on the banking floor. If I make a contact with the trust department, I feel that I am working for that department, just as much as anywhere else.

Now, the bank's Time Plan department is made up of about eight or nine departments and some of these departments are cut up into sub-departments, so by a little tactful questioning when

this fellow comes in for a loan, we can save this man time and the interviewer time by finding out what kind of loan this man wants. For instance, he says he wants an automobile loan. Is it a new car or a used car? Used car, you go downstairs, new car you go upstairs.

You see what I mean? You have to be on your toes, and you save the customer lots of time, too. If he comes down muttering to himself, "What did he send me upstairs for?" the first thing you know you will get a lot of bad advertising. So that's the need for being on the alert and knowing the departments. So, boiled down, this customer goodwill business just amounts to this: Do unto others as we would be done.

I WILL give you just one more example and that is called "Cultivating the Young People." This happened many years ago. This story is called "The Calculus Kid." As I said yesterday, I thought calculus was something to eat. A young boy came into the bank with his grandmother. He was 17 or so, very nervous, and I said, "What's the matter?" He said that he had a test and he didn't know whether he would pass it or not. I said, "What is it?" He said, "Calculus." I said, "You'll do all right and the next time you come in, let me know." So he came in and by golly, he got 95 and that's pretty good for that tough subject. I saw an officer that was free and I took the lad over. I introduced him and said that here is one of our customers who got a very good grade in calculus. The vice-president shook hands, took quite an interest in the boy.

This all happened years ago. Today he is a consulting engineer between Pittsburgh and Baltimore. We have his collateral loan account and his checking account. We did have his mortgage, but it's paid up now, and we have eight or nine savings accounts from his family. I think that by cultivating that young fellow we consolidated that account.

A customer is escorted to the new accounts department and introduced to New Account Teller Gilbert N. Herzberg, left, by Mr. Stamford, center.



How One Small Bank Knows Its Costs

T. ALLEN GLENN, JR.

This article, first of a series by the president of The Peoples National Bank of Norristown, Pennsylvania, tells how to set up the tools necessary to operate a perpetual cost analysis system for a small bank. Future articles will describe in detail the operational procedure for using these tools. The purpose is to provide the means for a reasonably accurate knowledge of the costs of a bank's functions.

The system, which Mr. GLENN's bank has used for a dozen years, can be operated at a small expenditure of time and money. It is flexible enough for the smallest bank as well as for the bank of moderate size.

INCREASING costs of operation, decreasing rates of return upon investments, as well as decreasing volume of investments, have necessitated bankers looking at their production costs, their rate of return upon investments and the other facts revealed only by cost analysis in the same manner as the manufacturer or the up-to-date merchant studies his costs to determine his selling price.

It is not the purpose of this series of articles to "sell" anyone on the necessity of knowing his costs in order to have an efficiently operated bank. Too much time has already been spent in advancing the arguments of "why" and not enough time in discussing the "how" of the subject. The purpose, rather, is to present a method of determining bank operating costs with the thought that the information will be useful to many small banks.

Almost 90 percent of the approximately 15,000 commercial banks in the United States are in the size group having less than \$10 million in deposits. It is to this group that these articles are being addressed. The system discussed was developed by the author and operated in the bank of which he has been the executive officer since 1936. During that time the bank has grown from total deposits of slightly under \$2 million to a present deposit total of more than \$7 million. The cost analysis system has not changed in any fundamental as the bank has grown, and it is just as effective in revealing essential information today as when it was started 12 years ago.

To anyone familiar with cost accounting there will be nothing new in the details of the plan's operation. Yet for those who have not had the opportunity of studying cost accounting, there is nothing confusing about the system. It can be inaugurated and operated by anyone with a reasonable knowledge of bookkeeping.

Throughout this presentation there will be statements concerning certain phases of the operation of the plan, to which some authorities can and undoubtedly will take exception. The author realizes that in many of the steps there can and will be controversial opinions as to the decisions made. We will make no apologies, however, but merely state that in the entire plan we have one objective in view, that is: to enable the banker to ascertain what is a reasonably accurate knowledge of his operating costs. In the system used no attempt is made to determine, by allocation of a share of costs, any useless information. For instance, it might be interesting to determine the cost of handling deposit volume

and to ascertain the "size" cost based upon such volume of deposits handled. However, since the bank would probably not do anything about passing such a "size" cost on to its depositors, there seems to be little sense in going through a lot of motions to determine what that particular cost is.

It will be found that the system discussed provides usable ways and means of determining the "per item" costs in the average small bank. Admittedly, some larger banks will find additional information, not provided for in our system, very useful, and any system of cost analysis such banks might use should provide the means to determine such figures. However, it is felt this system will provide a means for the so-called small bank easily and quickly to ascertain essential and usable information.

The tools needed to operate this plan are very simple. A supply of columnar paper, a ring binder to install the columnar sheets, some 3 x 5 file cards, and some indexes is about all the stationery needed. While not essential, a calculating machine will save time in working out percentages. The only other necessary tool is a bank official with the desire to do a good operating job.

THE FIRST step in setting up a perpetual cost analysis system for a small bank is to determine exactly what departments the bank has. It is realized that, in a small bank, practically every employee "doubles in brass." The tellers, when they finish the work in their own cages, usually double up and do work belonging to another department. The commercial bookkeepers may also spend part of their time at proof and transit work, while the discount clerk will help the savings window. Probably all departments include work of a different nature than that for which they are primarily responsible. In a larger bank there would be sufficient volume of such extra work to justify a separate department, but in the small bank the comparatively smaller volume is absorbed by other departments. Nevertheless, if we are to have a reasonably accurate knowledge of the cost of certain operating functions, we must determine just what departments we have. The following departmental set-up is used in the author's bank:

Building Operations Investments (loans, bonds, consumer credit, real estate mortgages)

Commercial Department

Tellers

Proof and transit

Bookkeeping

Maintenance costs

Per item costs

Savings, Safe Deposit, Collections, Trust Funds, Shareholders

Included in building operations are all the costs of operating the building, including janitors' salaries and a share of officers' salaries for supervision. Taxes, heat and light, together with maintenance and depreciation are items which go toward the cost of providing housing for the bank's operation.

The investment department, with its four subdivisions, is used to invest the funds provided by the commercial de-

partment, the savings department, and the shareholders. Expenses chargeable against the investment department are mostly salaries, but also include that department's share of the general overhead of operating the bank, stationery costs and the pro rata share of the cost of building operations.

The commercial department, which has three subdivisions of tellers, proof and transit, and bookkeeping, has its expenses divided into maintenance costs and per item costs. The expenses again are mostly salaries, but also include share of overhead, stationery, as well as pro rata share of the cost of building operations.

The savings department should include the Christmas Club; the expenses chargeable to this department in addition to salaries are share of overhead, stationery and pro rata share of cost of building operations. If the savings windows are used for handling consumer credit payments or monthly mortgage payments, a pro rata share of the operating cost can be allocated to the other department as explained in future articles.

To the safe deposit, collections, trust funds, and shareholders departments are charged salaries, share of overhead, stationery, and pro rata share of costs of building operations.

Each bank must determine exactly how it wishes to line up its departments. The segregation suggested herein, however, should be standard for all banks. Some banks may have other departments not included in the list given, while others may not have all of the departments listed: a trust department, for instance, is not found in every bank. After the list of departments is prepared, then indexes should be made for the ring binder and the income and expense distribution sheets prepared to be included in back of each of the indexes.

As far as possible, the distribution sheets should be standard so that when the time comes to post the allocated expenses there will be no confusion. A suggested set-up for expense and income distribution sheets to be used is as shown in the accompanying illustration.

It will be obvious, from this illustration, that the first segregation of expenses is salaries. In this expense group are the Social Security taxes, including old age benefits paid in connection with the salaries allocated to the department. Under "Operating Expenses" only "Special—Departmental" should need explanation. All other expenses listed as operating are self-explanatory and will probably be inclusive for every department. However, certain departments have expenses peculiar to them. For instance, in a bank using photographing equipment in its proof and transit department, the cost of photography will be included under proof and transit department, but that expense item will not appear in any other department. Or the bank may have a blanket life insurance policy in connection with its consumer credit loans. The expense of the premiums for this insurance will be one that is special for the consumer credit department and will not appear as an expense item in any other department. The item "Occupancy Expenses" provides for the allocation to each department its share of the cost of building operations as well as for depreciation of any equipment that is used by that one department exclusively. The major caption "Departmental Expense" is used to cover certain special segregation of expenses which are neither salary, operating nor occupancy expenses, such as: interest on balances in the case of the savings department. The reason for this segregation is that such expense, if included under "Operating Expenses," would distort the picture and make an unfair comparison.

Expense And Income Distribution Sheet

DEPARTMENT

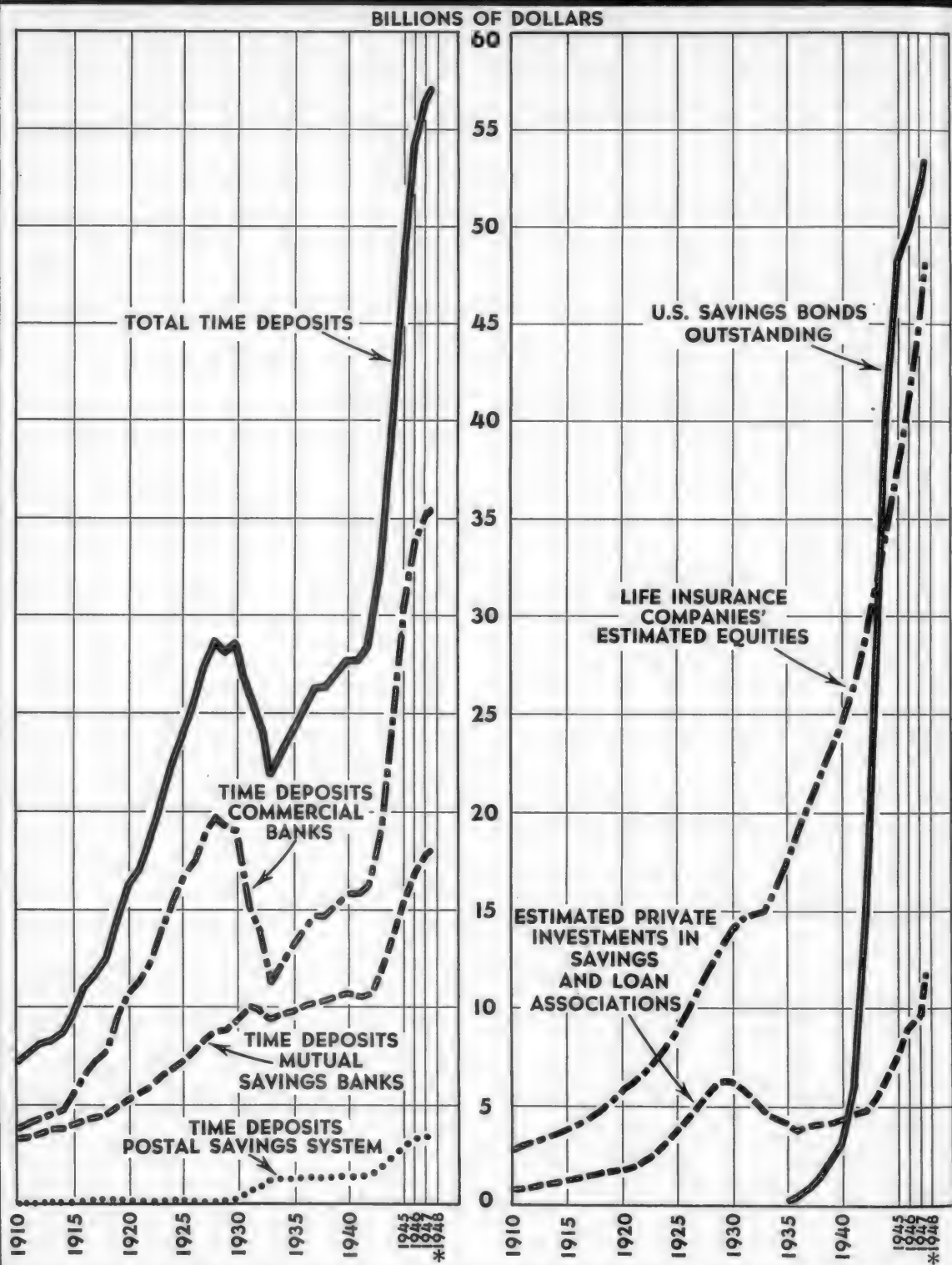
	1948 Budget	1st Half 1948	2nd Half 1948	Full Year 1948
<i>Salaries</i>				
Officers				
Directors				
Clerical				
Social Security Tax				
Total Salaries				
<i>Operating</i>				
Postage				
Supplies				
Stationery & Printing				
Telephone & Telegraph				
Insurance				
Repairs & Maintenance				
Dues & Subscriptions				
Legal				
Examination				
Advertising				
Miscellaneous				
(Special—Departmental)				
Total Operating Expense				
<i>Occupancy</i>				
Share of Bldg. Expense				
Depreciation—F. & F.				
Total Occupancy Expense				
<i>Departmental Expense</i>				
Total Expenses				
<i>Income</i>				
Interest				
Service Charges				
Rentals				
Gross Income				
Net Income for Department				
Item Counts and Analysis Figures				

On the income side, all departments will not have income, but for those that do, the three items listed under income will cover any type of income received. At the bottom of each distribution sheet for the various departments, the operator of the system will provide for item counts and analysis figures as are appropriate for that particular department. Such analysis figures will be discussed in future articles.

The final tool to prepare for the operation of the cost analysis plan is the card system of expense distribution. As indicated earlier, no printed forms are necessary, merely ordinary 3 x 5 index cards. On these cards is posted brief information as to the expense item and the amount in-

(CONTINUED ON PAGE 97)

TREND OF INDIVIDUAL SAVINGS SINCE 1910



\$170 Billion Backlog

ACCUMULATED savings of the American people amounted to \$169,974 million on June 30, 1948, compared with \$163,608 million at the end of 1947, according to data compiled by the Committee on Savings Statistics of the Savings Division, American Bankers Association.

The total, a gain of \$6,366 million for the first six months of 1948, comprises time deposits in commercial and mutual savings banks and the Postal Savings System, estimated private investments in savings and loan associations, all series of United States Savings Bonds, and life insurance companies' estimated equities.

Deposits in savings banks and the savings departments of commercial banks (including postal savings) were \$57 billion on June 30, a gain of only \$700 million since the yearend.

Commenting on the figures, L. A. Tobie, president of the Meriden (Connecticut) Savings Bank, and 1947-48 president of the Savings Division, said in his report at the Division's annual meeting at Detroit:

"After several years of unusual growth, the savings business conducted by banks has slowed down to an extent which is disturbing. During the 12 months ending June 30, 1948, savings deposits in savings banks and in the savings departments of commercial banks in the United States increased 2.5 percent to \$57 billion; but in the last six months the increase was only 1.2 percent. During the same six months, ending June 30, United States Savings Bonds increased 2.3 percent to \$53.2 million and life insurance equities increased 6.9 percent to \$48 billion.

"The greatest rate of growth was made by savings and loan associations whose private investments in their share accounts increased 21 percent to \$11.7 million.

"We should be greatly concerned that banks and the Treasury Department made such a poor showing among these various thrift institutions.

The trend of interest payments on savings deposits by banks is upward, Mr. Tobie said, "although only a few banks have made important increases in the rate of interest paid."

TREND OF INDIVIDUAL SAVINGS, 1910-1948

Millions of Dollars

End of Year	TIME			TOTAL	Estimated Private Investments in Savings and Loan Associations ³	U. S. Savings Bonds Outstanding ⁴	Life Insurance Companies' Reserves, Equities ⁵	GRAND TOTAL
	Commercial Banks ¹	Mutual Savings Banks	Postal Savings System ²					
1910....	\$ 3,782	\$ 3,358	\$ 1	\$ 7,141	\$ 759	\$...	\$ 2,874	\$ 10,774
1911....	4,121	3,482	11	7,614	834	...	3,058	11,506
1912....	4,460	3,636	27	8,123	913	...	3,234	12,270
1913....	4,524	3,791	39	8,354	1,001	...	3,393	12,748
1914....	4,853	3,884	55	8,792	1,089	...	3,596	13,477
1915....	5,676	4,021	76	9,773	1,190	...	3,769	14,732
1916....	6,563	4,257	109	10,929	1,283	...	4,063	16,275
1917....	7,123	4,368	140	11,631	1,419	...	4,384	17,434
1918....	7,865	4,548	158	12,571	1,522	...	4,753	18,846
1919....	9,516	4,951	162	14,629	1,706	...	5,158	21,493
1920....	10,713	5,343	153	16,209	1,741	...	5,814	23,764
1921....	11,255	5,614	142	17,011	1,965	...	6,175	25,151
1922....	12,483	5,963	134	18,580	2,210	...	6,625	27,415
1923....	13,871	6,378	130	20,379	2,626	...	7,349	30,354
1924....	15,280	6,820	132	22,232	3,153	...	8,048	33,433
1925....	16,570	7,219	133	23,922	3,811	...	8,927	36,660
1926....	17,508	7,683	137	25,328	4,378	...	9,939	39,645
1927....	18,962	8,265	145	27,372	5,027	...	11,049	43,448
1928....	19,761	8,770	150	28,681	5,762	...	12,213	46,656
1929....	19,192	8,838	159	28,189	6,237	...	13,238	47,664
1930....	19,012	9,424	240	28,676	6,296	...	14,096	49,068
1931....	15,366	10,012	601	25,979	5,916	...	14,679	46,574
1932....	13,631	9,929	897	24,457	5,326	...	14,858	44,641
1933....	11,019	9,488	1,208	21,715	4,700	...	15,011	41,426
1934....	12,213	9,738	1,205	23,156	4,358	...	16,052	43,566
1935....	13,170	9,871	1,200	24,241	4,104	153	17,542	46,040
1936....	14,046	10,056	1,259	25,361	3,926	476	19,133	48,896
1937....	14,779	10,170	1,269	26,218	4,011	971	20,510	51,710
1938....	14,776	10,278	1,251	26,305	4,035	1,454	21,858	53,652
1939....	15,258	10,523	1,278	27,059	4,092	2,229	23,024	56,404
1940....	15,777	10,658	1,303	27,738	4,304	3,207	24,663	59,912
1941....	15,884	10,532	1,313	27,729	4,652	6,212	26,592	65,185
1942....	16,352	10,664	1,415	28,431	4,910	15,050	28,734	77,125
1943....	19,224	11,738	1,786	32,748	5,494	27,363	31,365	96,970
1944....	24,074	13,376	2,340	39,790	6,305	40,361	34,212	120,668
1945....	30,135	15,385	2,932	48,452	7,664	48,183	37,509	141,808
1946....	33,700	16,800	3,300	53,960	8,990	49,776	40,713	153,439
1947....	35,100	17,800	3,400	56,300	9,700	52,008	44,900	163,608
1948*....	35,500	18,100	3,400	57,000	11,700	53,274	48,000 ⁶	169,974

* 1948 figures are preliminary for June 30.

¹ Excludes interbank time deposits and postal savings redeposited in banks.

² Includes both amounts redeposited in banks and amounts not so redeposited; excludes amounts at banks in possessions.

³ Excluding pledged shares. Figures for 1910-1920 were taken from the National Industrial Conference Board, Inc.

⁴ Includes all series.

⁵ Estimated reserves, unpaid dividends, dividends left to accumulate and surplus to policyholders, less premium notes, policy loans and net deferred and unpaid premiums. Figures for 1910-1920 were taken from the National Industrial Conference Board, Inc.

⁶ Estimate, Institute of Life Insurance.

SOURCES: Federal Reserve Board; Federal Home Loan Bank Administration; U. S. Treasury Department; *The Spectator*, Chilton Company, Inc., Philadelphia.



CHARLES PHELPS CUSHING

Broad Ramifications of ERP

HERBERT BRATTER

WASHINGTON
THE United States' recognition of its "responsibilities" in the world, best exemplified in the ERP as the last of a long series of measures dating from the war, has made us a conscious interventor in the economy of most other countries. For a time it appeared that we had succeeded in getting the European recipients of ERP aid to "cut the pie" themselves. But the incorporation of Germany in the plan and the dissatisfaction of Bizonal rulers with the piece allotted them by the Office of European Economic Cooperation resulted, according to press reports, in Washington overruling the OEEC on this point.

OEEC's division of the nearly \$5 billion of ERP aid for 1948-49 satisfies none of the participants. This is a far cry from the demonstration of cooperation which the multi-billion-dollar program was expected to buy. Somehow, the resentment ultimately gravitates toward the United States. A Turkish newspaper inveighs against ERP's "heavy and tragic terms." Argentina is embittered because Washington is withholding ECA buying in Buenos Aires until some other little matters are straightened out.

Showing that ERP is designed to aid more than just Europe and China, the ECA has rejected a suggestion of the Commerce and Industry Association of New York to the effect that ECA use its buying to bail out American businessmen holding funds blocked in Latin America. ECA points out that the Latin American countries are counting on it for a fresh supply of dollars, a hope that would be disappointed if ECA dollars were applied to settling stale obligations.

Those who looked upon ERP as a hemisphere plan to aid Europe are disappointed in what little Latin America has contributed toward the \$700 million which the State Department told Congress would be forthcoming along with our ERP from this side of the Atlantic.

What the next Congress will do about ECA appropriations if there is not meanwhile a more convincing demonstration of European cooperation nobody would like to predict. The people of Western Europe seem to have only a fuzzy idea of what ERP is about. This Summer a poll conducted in Belgium, a decidedly literate country, disclosed that 22 percent of the persons interviewed never had heard of ERP. The European governments, of course, know all about it. But still European unity is as far away as ever. Some blame it on the British, who may regard Continent-wide planning as inconsistent with the Labor Government's domestic planning. Others point to France, which occupies the key position on the Continent but is today divided into more parts than even Julius Caesar saw. Before there is stable government in France, observers report, there will have to be changes in the French constitution and a reallocation of powers internally.

Meanwhile ECA, while having trouble getting the European countries to come get the earmarked loans, is keeping the grants moving on schedule; and from all parts of the country freight trains are carrying to our Atlantic ports cargoes of iron and steel, lumber and paper, office machines, palm kernels, sunflower seed expellers, dyestuffs, paraffin

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President Woollen, daughter Katharine, Mrs. Woollen, and, in front, Evans III (left) and Jameson

MEET PRESIDENT WOOLLEN

IN COMING YEARS, the issue of the survival of inheritance will be before the people and in their hands." It was nearing noon, and hundreds of the leading trust men of the nation found themselves listening to the speaker with unusual interest. His voice was clear and his manner positive.

Evans Woollen, Jr., then president of the Trust Division of the American Bankers Association, was addressing the Mid-Winter Trust Conference at the Waldorf-Astoria Hotel in New York, on February 3, 1947.

"No longer is the institution of inheritance buttressed by popular acceptance as a natural right," he asserted. "From year to year it must stand on its merits before the popular jury. I suggest three ways in which we may exert an influence toward keeping our cause worthy.

"First, it is evident that the quality of our work and the character of our behavior, both official and personal, will reflect credit or discredit upon our cause.

"Second, it is certain that every trust man has occasional opportunity to exercise restraint upon the erratic or cruel use of the testamentary privilege. Abuse of that privilege holds the dead hand up to the scorn of the populace.

"Third, it is likewise certain that every trust man has frequent opportunity to influence beneficiaries of inheritance toward a sane and socially constructive use of the fruits of inheritance. Abuse of wealth excites scorn and contempt.

"These things, taken in the aggregate and over the long pull, might well turn the scales."

In this speech before the Trust Division, Mr. Woollen's theme was that inheritance serves as an incentive to men to accomplish useful production and conservation.

This address made a profound impression on his listeners and it was almost coincident with it that Mr. Woollen's name came to the fore as a future vice-president and president of the American Bankers Association. He had served in various offices of the Trust Division, starting in 1943 when he was elected to membership on the Executive Committee of the Division. He became chairman of this Committee in 1944 and vice-president of the Trust Division in 1945.

Comes from Prominent Hoosier Family

Evans Woollen comes of a family long prominent nationally and known particularly in mid-America as exponents of sound, conservative banking practices.

The Woollen family lives on a farm near Indianapolis, "the biggest country town in America" as its inhabitants often proudly call it. While Indianapolis itself is metropolitan in customs and appearance, its position in the heart of the rich agricultural section of the Middle West means that its bankers are probably in closer touch with farm problems and farm life than would be the case of cities of comparable size.

One of Mr. Woollen's favorite hobbies is riding and he takes real pride in his palomino riding ponies.

Mr. Woollen is also a fisherman of skill and experience. This interest dates back to boyhood trips with his father, who had a fishing cottage on Burt Lake, Michigan, 40 years ago. This is still the vacation home of the Woollens.

Mrs. Woollen was the former Lydia Jameson. They have one daughter, Katharine, and two sons, Jameson, and Evans Woollen III.

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How Buildings Build Business

JOHN J. McCANN, JR.

Good personnel relations, good customer relations, and good public relations stem first of all from the physical make-up and facilities of business property. It seems almost too trite to say it, but that's one inescapable fact frequently lost among efforts to improve relations in these directions.

This is the second of a series of articles on bank modernization and new construction. Like the September article, also by Mr. McCANN, it is based on a questionnaire sent by BANKING to several hundred institutions that had had recent remodeling and building experience. The author, a member of BANKING's staff, is located in Chicago.

BUSINESS office environment, we like to say, has character and personality of its own, and it exercises subtle (and at times not so subtle) influences upon those living in it, even those whose contacts are more or less casual. So it is, in fact, responsible for many reactions inside or out, for better or for worse. With so much being said about program planning for better relations at different levels, presupposing the elimination of physical barriers and handicaps, it seems, in the face of facts, that the emphasis is often sadly misplaced.

Certainly the fundamentals of doing business are much the same in the shadows of a metropolitan Wall Street as at the whistle-stop junction of Chittlin' Switch, but the physical aspects of banking in any locale make a world of difference. It is this physical sense, largely, that gives the employee his first impression of the best place in which to work, that draws the customer to choose "his" bank, and that prompts the public—less consciously, perhaps—to rate its respect. If not otherwise strongly influenced by other circumstances, these are the patterns each group is most likely to follow. It may well be impossible to track it down into such simple grooves, but the net effect somehow always favors the institution best equipped from each point of view.

There is plenty of evidence almost everywhere to support this premise. Rare is the case where two banks in comparable quarters, with competitive facilities, don't share local

COMMUNITY ROOM, left, in the Valley National Bank Branch at Glendale, Arizona. It is used by local clubs and service organizations. RECEPTION ROOM, right, in the personal loan department, Lincoln Rochester Trust Company, Rochester, New York. Private consultation offices are at the rear





A modern self-service kitchen in the Dime Savings Bank, Hartford, Connecticut, is one answer to the problem of the high cost of lunches

business equally, or seesaw for first position. And as a rule such a situation makes for high-spirited activity all around, which gets a better job done faster. Or, take the cases of the hundreds of banks stealing a temporary march on competition by way of some new or exclusive facility, or attractive new quarters, and see how easily the advantage is driven home.

Our study tells this story factually: Among the group of 235 banks replying to this point of our inquiry, 97 percent reported a marked upturn of business soon after the new or remodeled quarters opened. Some of this new business may have been freshly developed, but most of it must have come from other sources. Although "openings" are gala occasions and good excuses for whipping up a froth of publicity, newness has a strange magnetic influence all its own, regardless of fanfare.

More Significant Than Architecture

Thus we find more than meets the eye in the current boom in bank construction, and what we see below the surface is far more significant than the trends in architectural design. While this boom may be primarily due to the factors of obsolescence and inadequate space, underlying these pressures is a strong and appreciative sense of public relations values and of the greater merchandising potentials of a modern, efficient shop. Whether we are inclined to regard this appreciation as a force within itself, or simply an interesting commentary, the facts tend to point it out as a healthy sign—the same which nets profits to all businesses that house-clean occasionally for greater service.

If our study in this respect comes up with any definite conclusion, it is that the right approach to any building program, however modest, considers the merchandising and public relations aspects of the project well above the mechanical details. There is ample evidence that the biggest

return on the building dollar comes from that minor portion which pays for the refinements directly affecting the personnel and the customer.

In reviewing 235 case studies, representing a broad cross-section of types and sizes of banks and a variety of structural problems, it is the more significant to note that the bulk of all expenditures these days falls within two categories: To improve working conditions and to perform better service. That may sound rather inevitable; what else? But there was a time when much of the bank building dollar was consumed in ornate decoration which gave the public an "awe-ful" eye-ful, as the saying goes.

While roughly half of the jobs reported in our study cost less than \$20,000 (and the majority \$10,000 or less), which limited improvements to the barest essentials, one out of every two banks installed some special facility for employees. The yard-long list of things designed to improve not work but recreational and other facilities is a good indication of how strongly current emphasis centers on staff morale. Some type of lounge, game room or restroom area was provided in 88 of the 235 jobs.

Many of these were housed in generous space, and as tastefully decorated and furnished as a swank city club. In larger banks, separate facilities were set aside for men and women, catering to their respective tastes and interests. But as impressive as these larger projects may be, small banks with as few as a dozen employees achieved excellent effects with a little ingenuity and a paint brush. Basements were renovated, lobbies rearranged, or space found in upper floors or in an annex for this purpose. Space—precious premium-priced space—as one banker expressed it, could not be put to better use.

Among the group replying to our study, 25 banks installed some kind of dining facility, ranging all the way from a first-

(CONTINUED ON PAGE 92)

Good Buildings Need Good Records

C. J. SCHWINGLE

Mr. SCHWINGLE, *vice-president of the American Appraisal Company, is a specialist in depreciation and property problems.*

THE importance of the bank assets customarily termed "fixed" may frequently be lightly considered, due to the preponderance on the balance sheet of other items that are expressed in substantially larger amounts. More searching analysis, however, and the relation of property costs to actual bank operations, will overcome this conception of fixed assets.

Bank buildings and equipment play an important role in modern business and constitute useful and necessary, but costly, tools of the enterprise. These tools become exhausted, obsolete, and they change in nature and extent in much the same manner as an industrial tool.

Perhaps the true significance of fixed asset costs can be better understood if related to the volume of banking business required to earn their cost. For example, a bank business volume of \$1 million at an average return of 3 percent would be required to earn an amount sufficient to cover the cost of fixed charges of bank property around \$30,000.

Control of the bank property for insurance, federal tax, and numerous other operating requirements, as well as just plain good housekeeping, can best be exercised with good records, easy to use, susceptible to ready physical check, and tested and supported by property facts. The scope of this article embraces the use of property records, their type, nature and preparation, and upkeep.

Insurance. Viewed broadly, property insurance protection involves two major considerations: placement and proof. Proper coverage avoids payment of excess premiums through over-insurance on the one hand, and inadequate indemnification through under-insurance on the other. Accuracy in insurance placement presumes a record setting forth the correct quantitative inventory of the property priced in accordance with current market conditions and reflecting depreciation properly determined. Such a record also sets out separately the uninsured portions of the property so that amounts of coverage on the insured portion can be readily determined and the placement made in accordance with the specific provisions of the insurance form applicable to the property under consideration.

While insurance placement is in itself of great importance, particularly when co-insurance is involved, the proof presents the crux of the insurance problem as it is then that the insured's records face the test of the burden of proof assumed by him under the insurance contract. One may compromise to some extent with the inventory requirements during the placement period utilizing records of varying degrees of provability and applying trends and other short-cut procedures under the theory that with comparatively low rates even excess coverage might not be costly, but when the time arrives for the test of provability such procedures may be found extremely costly. At that time, many thousands of dollars are usually involved, whereas at the time of placement premium consideration may have been in terms of nominal sums.

Some—possibly a large number—of the banks today have very limited means of establishing proof in the event of casualty. This lack of proof is possibly due in some instances to overoptimism with reference to the utility of present records and in others to the postponement of consideration of this vital matter until a future date. In the interim, those charged with responsibility on insurance matters are in the unenviable position of knowing the shortcomings of the present records and being forced to live in the hope that fire will not strike at least until a provable record is compiled.

Tax Depreciation. A bank building, though to all intents and purposes a single unit, is made up of many property elements of widely varying lives. The use, therefore, of a generalized over-all rate of depreciation for tax purposes may work an unnecessary penalty if through proper analysis it might be provably determined that a higher rate would be applicable.

The shell of the structure may have a comparatively long life but appurtenances representing substantial investments may have remaining lives of but a fraction of the basic structure. This is particularly true of mechanical building equipment. Other items such as bank interiors which are subject to obsolescence, would also have a shorter life.

In the complete analysis for determining the depreciation provision, each classification of property is carefully studied and a proper rate of depreciation determined which, when resolved into a single rate through the weighting of the individual rates, may result in a provable depreciation provision substantially at variance with that being used.

When this analysis is carried down into equipment classifications, such as mechanical equipment, furniture, etc., further similar variances may result.

The records established for this purpose would also furnish a ready reference for the handling of special situations that may arise, as for instance: sudden changes such as those resulting from neighborhood influences, rapid growth, etc., requiring specific depreciation information to support losses; expansion and remodeling programs—determination of demolition costs in connection with reconstruction.

Budgeting Purchases. With the increase in internal bank operations and the extent of detail involved, mechanical equipment is subjected to increased usage which in turn effects the estimated remaining lives. Sound purchase programs therefore require long-view forecasting and a constant awareness of the condition of the operating equipment. This would be more pronounced should shortages develop through allocation of materials to other purposes as was the case during the war. A complete property record would serve as a handy work of reference reflecting pertinent information relative to the vintage of the individual machine items thus furnishing an immediate and intelligent basis for action in the acquisition of additional equipment. A refinement of this information would consist of a tabulating card record through which, on a few moments' notice, those machines calculated to conclude their useful service at varying periods could be readily identified.

Leased Equipment. Where any quantity of leased

Judgment should be exercised as to the details to be recorded for the various classes of assets, having in mind particularly their importance in the total property picture. It is fundamental that assets of important cost be controlled in detail but good judgment dictates that unimportant items subject to frequent replacement be considered in groups so that, as in any other business, effort is expended in proportion to the investment involved. Unwise inclination

Cost of Item Control. It is a matter of choice as to whether the property be controlled by items or groups, although it is believed preferable that item control be followed at least for the major units. Properly planned item control costs but little more for maintenance and this cost is usually more than offset by the added facility in review by informed people at the property, the ease with which changed facts can be recognized, and the avoidance of time and ex-

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The Jefferson Branch, at Boise, of the First Security Bank of Idaho

Building Case History No. 2

THE Jefferson Branch of the First Security Bank of Idaho, N. A., at Boise, is a good example of the modern trend in bank architecture. Trim almost to the point of severity, this single-story tapestry-brick structure has what those who appreciate the modern note call functional beauty.

In place of superficial ornamentation, the exterior uses the functional elements of doorway, windows and overhanging canopies in a pleasing design. The main entrance is ceiling high and fully glazed, and dramatized with a protruding metal frame — the same type of metal used on cornices and other trim. To relieve further the geometric severity, the front elevation adds a generous plate glass rectangular bay, giving a clear view of the officers' section and providing space for small window displays. A decorative note is introduced in the symmetrical planting of blue cedars and arbovitae lining the walls facing the main thoroughfare.

The First Security, a member of the First Security Corporation System, the largest banking organization in the Intermountain West, erected this self-contained unit as an answer to a congested neighborhood traffic problem. A parking area accommodating 20 cars is at the rear of the building. A separate lobby entrance from this space adds to convenience. A two-lane driveway leading around the building keeps traffic moving. Two drive-in tellers' windows, the first installed in Idaho, service the auto customer on the move. Wide overhanging metal canopies protect the windows from sun glare and weather. The windows are equipped with a two-way communication system and are protected with

bulletproof glass. The windows are set on the tellers' section side of the main lobby, keeping all transactions within the same space unit.

The building was designed by Hummell & Hummell & Jones, architects, and erected by J. C. Jordan & Son, contractors, of Boise. Started on January 15, 1947, the shop was open for business on November 20, 10 months later. Total cost was approximately \$90,000. The main banking room has an area of 2,500 cubic feet, with an additional 1,200 cubic feet for work area. One officer and six employees make up the present staff, but service windows in the banking room allow for future expansion; eight tellers' windows may be put into service when required, plus the two drive-in windows that are presently active.

The entire building is air conditioned with a central system, and soundproofed throughout. It has an oil unit heating plant. The lighting arrangement combines large areas of natural light plus recessed troffer fluorescent and single-unit spots over work sections. Patterned rubber tile is used in the customers' area, with the solid tone carried into the work sections.

The lobby, while simple and streamlined, has a colorful, inviting atmosphere. The bleached oak wainscoting blends well with the flooring and is in harmony with the surf-green walls. The over-all effect is soft and pleasing to the eye.

Much thought and planning was centered on the tellers' section. The result was a slightly different version of the so-called "friendly" type of counter. The counter running



The counters are 41 inches high, and the deal plates 10 inches above the counters. The tellers' section has bleached wood paneling.

Each teller's section, as shown at right, is equipped with cash drawer, left, storage space, right, coin changer and commercial teller machine. Each has a roll-top cover.

At right and below, the parking lot in rear of the building. There is space for 20 cars. The bank finds this a popular facility.

the length of the lobby (41 feet) is completely unobstructed by glass or wickets. The counters are 41 inches high, with the deal plate 10 inches above the working counter in the rear. Each counter is a separate roll-top unit, equipped with cash drawer and storage space. The high deal plate obscures the view of the teller's working counter but still brings both teller and customer into closer contact. This has, according to the bank, become a definite asset from a public relations point of view. With the roll-top feature, any unit may be closed off and locked. The absence of partitions between units conserves precious floor space.

The officers' section located directly opposite the tellers' counters provides ample room for customers and additional desks if necessary. This section is furnished in bleached wood matching the over-all trim. The safe deposit section is also located on this side, with two small coupon booths located near the vault entrance.

In this compact, limited area, none but essential facilities were provided for employees. However, the lobby has been wired for music, which adds much to the pleasant surroundings.

The bank reports complete satisfaction with this layout, and has found the new building directly responsible for a sharp upturn of business volume. As a sidelight, the bank adds that the building and its drive-in facilities materially improved the institution's community standing.

October 1948



How to Plan a Bank Building

DAVID J. GOTHOLD

MR. GOTHOLD, a vice-president of the Bankers Trust Company, Detroit, is a member of the American Institute of Architects. He wrote "Banks of Tomorrow and the Day After" in *BANKING* for September.

IN OUTWARD appearances our banking institutions are becoming too standardized, thereby losing a good deal of their individuality. Much has been written about planning a bank, but most of it has to do with the layout of the banking room—arrangement of the officers' space, layout of the tellers' counters, use of display space, and not a great deal about the arrangement of the working quarters.

We have made such forward strides in our engineering knowledge that it is now possible to plan for efficiency—promoting work areas, with definite assurance that the results will be as we have planned them. Even distributions of heat and light, adequate ventilation, agreeable color, a minimum of noise, an efficient layout of work flow, furniture and equipment fitted to the job, and proper rest facilities, are results to be achieved for a contented and therefore more efficient staff.

It Takes Forethought

The lack of forethought that results in poor quarters for the staff may also be responsible for such ills as cause one worker to plead for a desk lamp while another wears an eye shade to cut the glare from some exposed source of light. You have undoubtedly seen women wearing sweaters as protection against sudden drops in temperature, because others, seated too close to unshielded or badly placed radiators, have shut off what to them was unbearable heat. I have seen tellers' windows so arranged that lines of customers at windows too near the entrance block the rest of a comparatively empty lobby. We all know of banks where there is a constant, even hum of noise which is punctured and augmented by the clatter of typewriters and adding machines, and the strident, insistent ringing of telephone bells.

It seems that the first steps in planning new quarters should be done in the bank itself. Each department head, with intimate knowledge of the workings of and the personalities in his department, coupled with a good estimate of the department's present deficiencies and future requirements, can best determine what space he currently needs, how he wants to be set up in that space, and what he may need in the future.

In such planning it is well to remember that double the volume of business may not mean that one will require twice the amount of space and that the ratio of business expansion to space requirements for different departments will vary tremendously. Some authorities say that, if definitely predictable, space should be adequate to allow for normal five-year growth.

Based on a proper directive from top management which outlines the basic plan, each department, by the use of templates (patterns) on a floor plan, can make a layout that it considers ideal for its operations. Templates, of course, should be made to the same scale as the floor plan. They should be cut to include the chair of the person sitting at the

desk or machine. A system of symbols to denote the character of the template should be devised. Make them for desks, machines, files, and everything used that requires floor space. It is possible to procure such templates from some suppliers of office equipment. The research department of the National Association of Bank Auditors and Comptrollers has templates available.

In laying out each department it is necessary to keep in mind the flow of work. Ideal, of course, is an arrangement that permits work to flow directly through, from one desk to the adjoining one. In some departments the very character of the work is such that there are variations of the flow which may complicate the plan.

If the templates are fastened down by glass push pins, it is possible to indicate this flow of work from desk to desk by colored string running from one pin to another, and the use of string instead of penciled lines permits shifting of desks and the rearrangement of the work flow without the necessity for constant erasure of lines previously drawn.

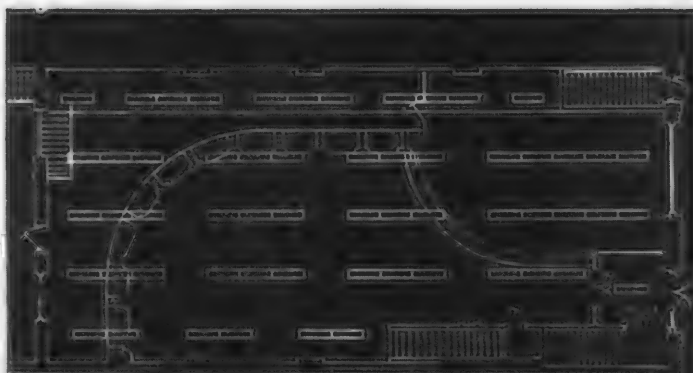
Positions of desks and other equipment in actuality will be complicated by the locations of columns, doors, windows. However, it is my belief that the "ideal" layout can be of great help to the top planners as it gives a clear picture of what the department head is striving to accomplish; and it may be possible in a new building, or an alteration job, that such a layout may influence the location of partitions, columns, doors and windows, when there is some choice as to their final location.

Proper symbols on the templates denoting telephones and other equipment requiring electrical or other connections

(CONTINUED ON PAGE 76)



1. THE RIGHT START . . . Frink is the *only* fixture manufacturer who offers you the **PLAN-O-LITE**, a custom-designed lighting layout developed exclusively for your individual needs by Frink engineers. Based on Frink's 90-year experience as *planned lighting* specialists for America's leading firms . . . and provided *at no extra cost*.



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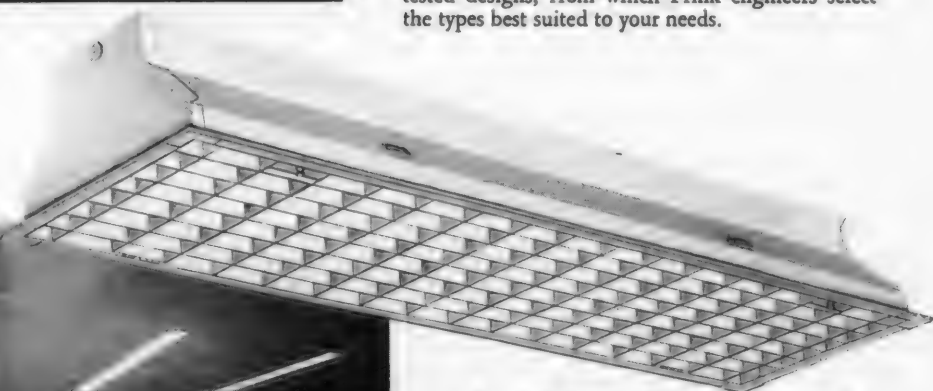
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2. THE RIGHT FIXTURE . . . No one but Frink gives you **L-I-N-O-L-I-T-E** fluorescent fixtures . . . with the many exclusive features and engineering "firsts" that make them outstanding in quality and value. Now available in 15 performance-tested designs, from which Frink engineers select the types best suited to your needs.



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SEE HOW IT'S DONE . . . The new Frink **PLAN-O-LITE** sample packet forcefully demonstrates the *how*, *why* and *wherefor* of engineered fluorescent lighting. It gives you eight **PLAN-O-LITE** layouts and engineering data for typical Frink installations, with photos of the outstanding results. **FREE** for the asking while the supply lasts. Write today to Dept. B-10.

Public Space Area, Brevoort Savings Bank, Brooklyn, N. Y. L-I-N-O-L-I-T-E Series 15 troffers are recessed in the acoustical plaster ceiling to produce a handsome, comfortably lighted interior. Recessed fixtures in continuous rows enhance the spacious appearance of this area, invite customers to enter.



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THE INVESTMENT MARKET



CHARLES PHELPS CUSHING

Ninth in a series of famous American skylines — Tulsa, Oklahoma

H. EUGENE DICKHUTH

MR. DICKHUTH is a financial writer on the New York Herald Tribune.

INSURANCE company selling, presumably in anticipation of reinvestment in mortgages and corporate securities, again was a feature of the market in Treasury obligations in the first half of September. Several smaller holders joined in this move, evidently fearful of changing price pegs. In the 10 weeks, ended September 8, the Federal Reserve banks thus absorbed \$1,654 million of government bonds in the market.

Selling became more acute after announcement of the Federal Reserve Board on September 8 advising an increase in required reserves of all member banks of 2 percent on demand and $1\frac{1}{2}$ percent on time deposits. Prior to that the markets were depressed by a series of steps which grew out of several anti-inflationary measures of the Government, such as re-establishment of Regulation W and the increase in Treasury certificate rates and in those of notes and tax savings notes. This rise in yields of short terms caused an almost immediate decline in that maturity range and also in intermediates.

Further reverberations were increases in discount rates by the Federal Reserve banks from $1\frac{1}{4}$ to $1\frac{1}{2}$ percent; this, in turn, led to a $\frac{1}{8}$ percent higher dealers' rate for bankers acceptances and to a rise of $\frac{1}{4}$ percent to 2 percent on prime commercial and industrial bank loans. Rates of bank loans to brokers and dealers in government securities also became firmer, which similarly affected commercial paper, call money and a variety of other loans.

Slightly higher short-term interest rates are obviously welcome to all types of lenders whose earning capacity has been strained severely in recent months by continually rising costs. In fact, the decline of bank earnings in some financial institutions in the first half of 1948, against the first six

months of 1947, may very well be arrested by slightly higher rates.

However, tightening of credit and higher borrowing costs in the face of higher industrial break-even points may have the opposite effect. It is also somewhat incongruous to informed observers that the anti-inflationary moves in the financial markets, as affecting banks, do not receive a wider application in other segments of the economy where expansionary influences are not only permitted but encouraged.

Among these is the official sympathy for still higher wages, the absence of any agreement that the selling of governments by insurance companies and other nonbank investors be curtailed sharply, and, finally, the agricultural price support program. There is perhaps not so much quarrel with the support program itself, which keeps farmers good consumers, but it is questionable whether such huge quantities of commodities should be withheld by the Government rather than sold in an orderly fashion in order to bring about lower food prices, higher meat production, more eggs, greater flow of dairy products and, thus, somewhat lower parity prices.

The private capital markets have not quite recovered from their summer routine of apathy. Higher rates which borrowers have to pay, coupled with insurance company competition for many types of loans, do not hold too great a promise for vast expansion except for financing of routine business among the larger corporations, states and municipalities.

Manufacturers, generally, should remain good customers of the investment markets unless they can borrow elsewhere more cheaply. Industrial earnings for the first half of the year by 309 leading manufacturing companies has been 29 percent above the first half of last year. These concerns in 38 different fields reported a net income of \$2,132,288,068, against \$1,657,709,517 in the first half of 1947.

Country Banker



Kentucky Bankers Are Farm Minded

HAROLD SEVERSON

The author, who is a well known writer on agricultural topics, made a trip to Kentucky to make a spot check for BANKING on the progress being made by the Kentucky Bankers Association's agricultural representative. His report reveals complete satisfaction on the part of KBA officialdom.

SEVEN farm meetings during September, sponsored by the Kentucky Bankers Association, the Federal Reserve banks of St. Louis and Cleveland, and the College of Agriculture of the University of Kentucky, drew hundreds of bankers, representatives of the various governmental agricultural agencies, and community leaders. Tours of livestock, tobacco and grain farms were followed by dinner meetings, and addresses by men prominent in the banking and agricultural world.

These meetings and tours are part of an over-all program that is keeping things humming in Kentucky banking circles.

What's behind all this activity? Well, here's Ralph Fontaine of Louisville, executive secretary of the Kentucky Bankers Association.

"Kentucky is primarily an agricultural state," he explains. "Eighty percent of our people derive their living either directly or indirectly from the farm. Only 57 of our banks are in the \$5 million-or-more bracket. That makes us a state of small country banks. It should mean that our banks and bankers are tied in very closely with farmers and farming. They should be able to keep abreast of new developments in agriculture in order to do a better job of banking in their communities. To bring about a closer relationship between bankers and farmers, we hit upon the idea of engaging a full-time agricultural representative. His job is to find ways and means for the banks at a county level to assist the county agents, vocational agriculture instructors, home demonstration agents and Soil Conservation Service technicians to make their work more effective and productive."

On a tour of the F. B. Showalter farm near Georgetown, Kentucky, a group of bankers, above, paused to inspect a field of hybrid corn. Left to right, Mr. Showalter; his young son; County Agent H. S. Long; KBA President Williams; Agricultural Representative Graham; J. C. Porter, cashier, Georgetown National Bank; F. C. Nichols, vice-president and cashier, Farmers Bank and Trust Company, Georgetown

The Kentucky Bankers Association is the first state association to hire a full-time representative to work with bankers and farm leaders. The agricultural committee and Kentucky Bankers Association officers made a careful survey before finally selecting John F. Graham of Princeton to head the agricultural department. A fluent speaker, at home with wealthy landowners or the most humble tenant, Mr. Graham has been doing an outstanding job of bringing bankers to understand that a new day has dawned in Kentucky agriculture. Embarking on a speaking tour that has carried him into 110 of the 119 counties that boast banks, in that state, he has helped bankers to organize meetings to discuss methods of stepping up farm income.

Mr. Graham's salary and expenses are financed by members of the association through voluntary investment of \$16 per \$1 million of deposits. This also finances the statewide radio program, which goes on 12 Kentucky stations twice a week. Secretary Fontaine explains that the two programs tie in very closely since much of the radio advertising features farm copy. The excellent support given by large banks, particularly those in Louisville, has played a leading role in the success of both the agricultural and radio departments.

Typical of the meetings which Mr. Graham has been conducting was one held in the little village of Stanton, "jes' a yelp and a holler" from Natural Bridge State Park in the

(CONTINUED ON PAGE 114)

An 8-State Soil Inspection Tour

LOUIS REID

MR. REID, who is with the Regional Division of Information, Soil Conservation Service, Fort Worth, reports here on the recent eight-state conservation inspection tour sponsored by the Louisiana Bankers Association. Commenting on the trip, Tarleton A. Jenkins, chief of the division, said the Louisiana bankers had finished "what is probably one of the most outstanding pieces of soil conservation policy-promotion in the nation."

THE Louisiana Bankers Association has one of the most constructive and successful agricultural policies of any bankers group in the nation. It's a policy that experience is proving of major benefit both to the banks of the Pelican State and to the farmers in the hills and the planters along the bayous.

Briefly, the Louisiana Bankers Association's agricultural policy is one of full-scale support to soil and water conservation activities through the 24 legally-organized soil conservation districts which cover most of the state. The association believes that necessary erosion control and soil improvement work can best be done through the medium of the conservation districts, since those organizations are set up by the farmers themselves.

In line with that policy, three years ago the LBA began awarding certificates of merit to farmer-cooperators of the conservation districts who have installed all the needed soil conservation measures on their farms—measures which trained technicians of the Soil Conservation Service have found useful in putting each acre to its most permanently productive use.

Several hundred Louisiana farmers and planters have received award certificates from the LBA at meetings held throughout the state. Webb Madison, Bastrop, Louisiana, and James Atkins, Shreveport, Louisiana, both past presidents of the state bankers group, together with R. I. Didier, state secretary, were responsible for getting the award pro-



The chairmen of the agricultural committees of the Louisiana and Alabama bankers associations swap experiences during the Louisiana conservation tour. R. McL. Jeter, vice-president, Continental-American Bank & Trust Co., Shreveport, and P. S. Jackson, president, Peterman (Alabama) State Bank

gram underway. Although Louisiana was not the first state to issue awards to farmers, it has been as thorough as any.

The LBA has instituted a supplementary conservation policy of annual tours to adjacent states for inspection of conservation work and for investigation of the part other states' banks play in getting such work started. Before the first tour was made last year, the association called in the Louisiana Association of Soil Conservation District Supervisors as co-sponsors and asked the Soil Conservation Service to help arrange an itinerary.

The LBA concluded its 1948 tour last July 24. Aboard the special 13-car train were 175 persons, about 100 of whom were bankers. Every major city in the state, except Monroe and Baton Rouge, was represented by one or more bankers. Each section was represented by farmers or planters.

The train made its first stop at Montgomery, Alabama. There the explorers found that Montgomery—in fact, the whole Black Belt area—is profiting from increased agricultural yields because of a switch from row crops to pasture. Loans are made to conservation farmers cooperating with the Central Alabama Soil Conservation District for purchase of fertilizers, equipment, livestock, buildings and feed when necessary. The Louisiana tourists visited several farms in the neighborhood and were luncheon guests of the Montgomery Clearing House Association. Major W. Espy, of Headland, president of the Alabama Bankers Association; Walter Kennedy, Montgomery banker; P. S. Jackson, of Peterman, chairman, agricultural committee, Alabama Bankers Association; and several other Alabama bank representatives

(CONTINUED ON PAGE 64)

Aboard the Texas and Pacific Railway special conservation train, below, left, are H. Webb Madison, president, Bastrop (La.) Bank & Trust Co., and J. A. Davenport, Jr., president, Mer Rouge (La.) State Bank; center, Alabama's Governor James Folsom greets W. P. Sevier, vice-president, Tallulah (La.) State Bank & Trust Co., and right, C. W. Bailey, president, First National Bank of Clarksville, Tenn., welcomes the Louisiana bankers, while Farmer Tandy Richardson and SCS Technician Leslie Solomon stand by





Purina Dealers George W. Weber, left, and J. H. Huston, right, have been partners for more than 30 years, Purina Dealers for 25 years.

George W. Weber has been president of the Columbus Junction Bank for more than 20 years—and the Purina Dealer for more than 25 years. During that time, the interchange of credit information between these two institutions has helped the community, the bank and the store to build agricultural income on a sound, practical basis.

"Knowing livestock and livestock men makes Mr. Weber a keyman in this agricultural community," says Cashier Huston. "He deals personally with them in his store, and on their farms every day. And he freely exchanges credit information with our bank on these feeders. In 21 years, the bank never has had a loss on feeders recommended by Mr. Weber."

"And I've never had to take up a note that the bank accepted," adds Mr. Weber.

Bankers everywhere find their Purina Dealer a keyman in the agricultural community—a good man to know *better*.

WHY THE PURINA DEALER BECAME PRESIDENT OF OUR BANK!

as reported by H. LEE HUSTON, cashier and vice-president, Columbus Junction (Iowa) State Bank



H. Lee Huston, banker, points to 21 years' experience working with the Purina Dealer—without a single loss. (Do not confuse Mr. Huston of Weber & Huston with Banker Huston. They are uncle and nephew.)



Opportunities in Your Community

There are new opportunities for community building in your town, too. Make it a point to talk over the livestock and poultry possibilities of your area with your Purina Dealer soon.

If you do not have a Purina Dealer in your town, now, find out about the Purina Franchise as an opportunity for young men in your community. Purina Chows for livestock and poultry and Purina Sanitation Products are manufactured in 32 strategically located plants and carry the Checkerboard label, rural America's best known trademark.

Franchises are open in some communities now. Find out about this valuable franchise for the new business prospects of your community. Write today to Dept. C,

RALSTON PURINA COMPANY
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Relaxation at an outdoor luncheon in Montgomery, above, left. Left to right, SCS Conservationist H. B. Martin of Alexandria, La.; M. W. Espy, president, Headland, Ala., National Bank, and president, Alabama Bankers Association; V. V. Whittington, president, Bossier Bank & Trust Co., Bossier City, La., and president LBA; and O. C. Medlock, conservationist of Auburn Ala.; right, Erle Cocke, president, Fulton National Bank, Atlanta; Philip Wemple, planter from Cheneyville, La.; and George Hamilton, Georgia state treasurer, at Elberton

(CONTINUED FROM PAGE 62)

accompanied the visitors around Montgomery. Governor James Folsom was present at a barbecue in Montgomery.

The special train made an overnight run to Elberton, Georgia, for a second day's field trip. One of 100 incorporated "Georgia Better Farms," sponsored by Cason J. Callaway, was nearby at Hartwell, Georgia. (For details of this project see June 1948 BANKING.) C. B. McAllister of Statesboro, president of the Georgia Bankers Association, local and Atlanta bankers, and numerous businessmen were present at the Elberton area inspection.

Spartanburg, South Carolina, unrolled the welcome mat the following morning. Dr. T. S. Buie, regional conservator for the Soil Conservation Service area covering the southeastern states, and Frank Vincent, Spartanburg banker, greeted the party. Farmers and conservation technicians talked to the visitors as they toured nearby Midway Community, a group of about 30 small farmers.

A development which has called for considerable bank credit was visited at Gramling, South Carolina. There, under the protection of the Blue Ridge Mountains on the Piedmont plateau, 3,250,000 peach trees are producing a good living for numerous persons. The trees all are contour-planted for erosion control and for ease in cultivation and spraying.

The conservation special made its next stop at Asheville and Biltmore, North Carolina. J. Gerald Cowan, banker at Asheville, and other officials met the train. A tour of the George Vanderbilt estate occupied the day. Pasture improvement and timber management make Biltmore Farms profitable.

The final day in the field was spent at Clarksville, Tennessee, where the group got a concentrated dose of soil conservation. One 168-acre farm had received in one day all the soil conservation treatments that normally a farmer applies

over a period of five years. The treatment was done last Spring to bring home to farmers and businessmen of Clarksville the value of soil-saving work. Numerous farmers have begun installing the same measures on their own places.

C. W. Bailey, president of the First National Bank of Clarksville, former president of the American Bankers Association, and father of the "Four Pillars of Income" program for farmers, helped the Clarksville Soil Conservation District to entertain the Louisiana folks. Luncheon preceded a discussion by eight local farmers of conservation improvements they have made, financed through Banker Bailey's agricultural loan program.

Mr. Bailey said his bank believed farm credit should be extended on the basis of a farmer's net worth. "We prefer plain, unsecured notes," he stated. He went on to say that about 60 percent of his loans to farmers are of that variety. He asserted that the chattel mortgage method of agricultural loans opened the way often to mistrust and even effort by one or the other parties to the note to outsmart the other in giving or accepting security. Mr. Bailey is able to use net worth as a loan basis because he keeps complete credit information on all the farmers in the Clarksville trade area.

Effectiveness of his policy was shown as farmer after farmer told how he was able to get away from dangerous one-crop production, usually tobacco, and to begin growing sheep, cattle, corn, grain and other crops with the help of credit of the sort Mr. Bailey's bank extends.

The tourists' special train touched eight states before returning to the Louisiana base.

Robert Bolton, banker from Alexandria, summed up benefits of the trip when he said, in a broadcast over Station KALB: "The trip's been interesting and educational, of course. But the main thing is that it's going to help me be a better banker. It'll help because now I have a better understanding of the farmer and of his problems."

An informal group meeting at the Biltmore Farm, below left. Left to right, G. H. Pierson, president, City Bank and Trust Co., Natchitoches, La.; George Cecil, Biltmore Farm heir; Louisiana Bankers Agricultural Committee Chairman Jeter; and H. B. Martin, Soil Conservation Conservationist of Alexandria, Louisiana; right, below, the Louisiana group listens to a forestry talk at Biltmore Farms



The G-E Way of Living!

Makes their home a better mortgage risk!

What is the G-E way of living?

To the homeowner, it means living in a house that's designed for better living, *electrically!*

To you, it means a house that is a safer investment!

Homeowner's comfort protects mortgage!

A modern home with G-E All-Electric Kitchen and Laundry gives the buyer the comfort, convenience, economy and leisure that are today's ideal of home living.

Meanwhile, the family is *using* the house while it is being paid for—a factor that promotes prompt and regular payments.

The resale value of such a home remains high. And the up-to-date condition of the home means a *quicker* resale.

Is the cost prohibitive to the buyer?

A home that features the G-E way of living is easily within the means of the average buyer. A complete G-E



equipped home usually costs him only an estimated average of \$4.80* more a month in a "packaged mortgage!"

The economies of owning General Electric appliances are often enough to cover the slight extra monthly charge. (According to a national survey, 51% of the men and 53% of the women said they prefer G-E electrical appliances!)

Ordinarily, the home buyer would have to buy electric equipment *separately*. Extra installment payments would burden the buyer, perhaps interfere with mortgage payments.

The "packaged mortgage"—which makes G-E Appliances a *basic part* of the price—eliminates this risk, thus adding another safety factor to mortgage payments!

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If you are interested in the inclusion of operating equipment in your realty mortgages, write to the General Electric Home Bureau for further information.

Address the Home Bureau, General Electric Co., Appliance and Merchandise Department, Bridgeport 2, Connecticut.

*When equipment is included in a long term mortgage.

GENERAL ELECTRIC

THE APPLIANCES MOST WOMEN WANT MOST

News for Country Bankers

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Farm Land Prices Top 1920 Peak

AVERAGE farm land prices in the United States have advanced beyond the 1920 peak levels, with the countrywide average reaching 174 on July 1, 1948, compared with 170 in 1920, according to the semi-annual analysis of farm land prices made by the Agricultural Commission of the American Bankers Association. These findings are based upon data obtained from the Bureau of Agricultural Economics.

In 41 states prices continued to advance from March to July of this year, according to the study. In five states the index remained constant with that of March 1, and in two states—California and Florida—the indices are lower, probably reflecting the continued weakness in prices for citrus and truck crops.

Since March 1, 1939, farm land prices have increased 107 percent and in the past year, 7 percent.

"This year's prospective record crops and the improved food supply situation in Europe both tend to relieve pressures for food supplies that have greatly influenced farm land prices during the past few years," says the Commission survey. "The European nations which share in the recovery program will henceforth place greater emphasis on receiving machines and manufactured goods for their economic restoration. We are likely to see a diminishing proportion of food supplies exported under the ERP. This means less demand for farm products. The improved food situation will bring increased livestock production in time. It is not safe, therefore, to anticipate that present livestock prices will continue indefinitely.

"The continued high level of the general farm price index covers up the fact that except for meat animals, dairy products, oil-bearing crops, and tobacco, most of the other major agricultural products are near or below parity with an increasing number of products becoming dependent upon the government supports.

"This all seems to indicate that demand is not keeping up

Officers and directors of the Lincoln County 4-H Development Association. Founder Myrick, who is president and a director, is fourth from left



Steers arrive at Chester County, Pennsylvania, from King Ranch in Texas for fattening—1,500 miles from home, but only 75 miles from the market

with production of farm products. It augurs a lowering of farm land prices."

The volume of voluntary farm sales is below that of a year ago, but is still about double the 1935-39 average, according to a survey of county key bankers by the Agricultural Commission. More than half of all farms bought were paid for in cash and applications for bank loans are on the decrease.

"Productive-purpose loans and the ability to repay them from normal income continue to be the tests that bankers should use in their farm mortgage lending," cautions the Commission.

Texas Ranch Thrives in Pennsylvania

AN illustration of how an expanding agricultural enterprise affects business and banking can be found in the recent project of the King Ranch of Texas. Started in 1945 when 500 steers were shipped from Texas ranges to be fattened on the lush, bluegrass pastures of Chester County, Pennsylvania, the "experiment" has grown to where 4,000 head of cattle were sent north this year.

"The primary purpose in shipping the steers here," said Burnett Wilson who manages the Chester County "ranch," "is to finish them off on high quality grass and at the same time have them nearer the market. This has a twofold function: It produces higher quality meat and it reduces loss in shrinkage which normally results when fat cattle are shipped long distances to the slaughter house."

To emphasize the second point Wilson explained that most of the 82,000 cattle from the Texas ranch of Robert J. Kleberg are usually shipped to Lake Charles, Louisiana. This takes a day and a half by train and the steers lose a lot of weight. But in the Chester County enterprise the fat animals are loaded on a truck in the morning and are in the cooler of the packing plants at Baltimore by night.

Although the King Ranch project in Pennsylvania has created more business for railroads, truckers, fertilizer and lime dealers, the chief benefactor is the land itself. The pas-

tures will be even better in the future because a definite plan of liming, fertilizing and clipping is practiced.

Chester County bankers differ as to the economic benefits of the King Ranch venture. Those who maintain that the family-size farm is the basis of a sound American agriculture are concerned over the fact that the 20 families who once farmed the area have been replaced by a handful of "cow-boys." Other bankers insist that the volume of food produced from the land and the permanent improvements made to the land are the important considerations.

This second group also holds that despite the fact that the business they get from King Ranch is infinitesimal, since the ranch's banking is all done in Texas, it does make a considerable contribution to the general economy of the country.

An Association to Support 4-H Work

THE story of the Lincoln County 4-H Development Association, organized during July by a group of Lincolnton, North Carolina, businessmen to furnish financial assistance to the 14 4-H Clubs in the county, goes back to the time, several years ago, when G. Harold Myrick was cashier of the Edgecombe Bank and Trust Company in Tarboro, North Carolina. Mr. Myrick became executive vice-president of the First National Bank of Lincolnton early this year and is now president of the 4-H Development Association.

While with the Tarboro bank, Mr. Myrick attended a livestock show and sale sponsored by 4-H Clubs of five counties. Before leaving home he was asked by several business concerns to buy a 4-H calf for each of them, to re-sell the calves for beef and bill them for the losses. As it turned out there were not enough calves to go around, with the result that some of the concerns took losses, while others did not.

This set him to thinking. The outcome was the organization of the Edgecombe 4-H Development Association for the purpose of providing an opportunity to all who wished to do so to support 4-H work. He had the cooperation of the county agent, and his assistants, the home demonstration

"There are two other qualities beyond the inquiring mind or weight of education, without which no man could be a good farmer," said Charles Inman, of Manor, Georgia, on receiving the Robert Strickland Memorial Award Scholarship from George M. Bazemore, president, First National Bank, Waycross. "These are born in him—they are passionate feeling for the soil he owns and understanding and sympathy for his animals. These I believe I have." The Strickland award was presented to President Bazemore by John A. Sibley, chairman, Trust Company of Georgia in June (p. 50, July BANK-ING) and he, in turn, selected young Inman, an outstanding 4-H Club boy, to receive the scholarship. *L. to r., below, Marshall Hall, Trust Company president; Mr. Bazemore; Mr. Inman; and Mr. Sibley*



October 1948



New York bankers study a soil map of Tompkins County while on a farm appraisal field trip during the Bankers School of Agriculture sponsored by the New York State Bankers Association in cooperation with the College of Agriculture of Cornell University. *Left to right, F. H. Stafford, First National Bank, Dryden; Professor S. W. Warren; H. O. Green, Federal Reserve Bank, New York; Harold M. Cooper, First National Bank, Belvidere, N. J.; William R. Wands, National Commercial Bank and Trust Co., Albany; and W. E. Van der Waag, Federal Reserve Bank, New York*

agent, and her assistants, and about a dozen businessmen.

When Mr. Myrick joined the First National Bank in Lincolnton, he found that there was no outside financial support to 4-H Club work in the county. His bank put up \$150 in prize money for individual projects and sponsored the organization of the Lincoln County 4-H Development Association, which is an unincorporated, nonprofit association with 20 members and an anticipated membership of 200 before the year-end. It has a membership fee of \$10, and, in addition, each member is subject to an annual assessment of not to exceed \$10.

Funds are spent for worth-while support of 4-H work in the county under the direction of a board of directors.

A Successful GI Loan Record

THE First National Bank of Manhattan, Kansas, set up a personal loan department on November 1, 1945, and placed ex-GI Alvin A. Hostetler, assistant cashier, in charge. Since January 1946, when the first GI loan of \$3,000 was made, the bank has extended close to 100 loans for an aggregate of \$365,000.

The First National was the first bank in the Manhattan area to make GI loans and Mr. Hostetler is the only GI in that vicinity in charge of veterans' loans. He has made a study of the techniques of this type of lending and has devoted considerable effort to interesting other banks in entering this field.

"Service, personal work with the veterans, and satisfied customers have brought recognition to our department," says Mr. Hostetler. "A small amount of newspaper advertising has also been done." He summarizes the bank's policy as follows:

"Our loans are serviced on equal monthly payments. Length of tenure depends upon the property and the earning power of the veteran. Our loans usually run from 10 to 15 years. We have had no foreclosures and some veterans are from one to three years ahead in their payments. Taxes and insurance are not included in the monthly payments. We insist that the veterans take care of this themselves, as we feel that by going to the courthouse to pay their taxes they

(CONTINUED ON PAGE 70)

John Doe 120 Main Street, Baltimore, Md., D.C.		John Doe 120 Main Street Baltimore, Md., D.C.	
DATE	AMOUNT	DATE	AMOUNT
2000-01-01	10000	1999-12-31	100000000
2000-02-01	20000	1999-12-31	100000000
2000-03-01	30000	1999-12-31	100000000
2000-04-01	40000	1999-12-31	100000000
2000-05-01	50000	1999-12-31	100000000
2000-06-01	60000	1999-12-31	100000000
2000-07-01	70000	1999-12-31	100000000
2000-08-01	80000	1999-12-31	100000000
2000-09-01	90000	1999-12-31	100000000
2000-10-01	100000	1999-12-31	100000000
2000-11-01	110000	1999-12-31	100000000
2000-12-01	120000	1999-12-31	100000000
2000-12-31	130000	1999-12-31	100000000
2000-12-31	140000	1999-12-31	100000000
2000-12-31	150000	1999-12-31	100000000
2000-12-31	160000	1999-12-31	100000000
2000-12-31	170000	1999-12-31	100000000
2000-12-31	180000	1999-12-31	100000000
2000-12-31	190000	1999-12-31	100000000
2000-12-31	200000	1999-12-31	100000000
2000-12-31	210000	1999-12-31	100000000
2000-12-31	220000	1999-12-31	100000000
2000-12-31	230000	1999-12-31	100000000
2000-12-31	240000	1999-12-31	100000000
2000-12-31	250000	1999-12-31	100000000
2000-12-31	260000	1999-12-31	100000000
2000-12-31	270000	1999-12-31	100000000
2000-12-31	280000	1999-12-31	100000000
2000-12-31	290000	1999-12-31	100000000
2000-12-31	300000	1999-12-31	100000000
2000-12-31	310000	1999-12-31	100000000
2000-12-31	320000	1999-12-31	100000000
2000-12-31	330000	1999-12-31	100000000
2000-12-31	340000	1999-12-31	100000000
2000-12-31	350000	1999-12-31	100000000
2000-12-31	360000	1999-12-31	100000000
2000-12-31	370000	1999-12-31	100000000
2000-12-31	380000	1999-12-31	100000000
2000-12-31	390000	1999-12-31	100000000
2000-12-31	400000	1999-12-31	100000000
2000-12-31	410000	1999-12-31	100000000
2000-12-31	420000	1999-12-31	100000000
2000-12-31	430000	1999-12-31	100000000
2000-12-31	440000	1999-12-31	100000000
2000-12-31	450000	1999-12-31	100000000
2000-12-31	460000	1999-12-31	100000000
2000-12-31	470000	1999-12-31	100000000
2000-12-31	480000	1999-12-31	100000000
2000-12-31	490000	1999-12-31	100000000
2000-12-31	500000	1999-12-31	100000000
2000-12-31	510000	1999-12-31	100000000
2000-12-31	520000	1999-12-31	100000000
2000-12-31	530000	1999-12-31	100000000
2000-12-31	540000	1999-12-31	100000000
2000-12-31	550000	1999-12-31	100000000
2000-12-31	560000	1999-12-31	100000000
2000-12-31	570000	1999-12-31	100000000
2000-12-31	580000	1999-12-31	100000000
2000-12-31	590000	1999-12-31	100000000
2000-12-31	600000	1999-12-31	100000000
2000-12-31	610000	1999-12-31	100000000

Zulte Lee		17½ ton and 25 ton	
Kortlandt, N.Y. 4000		1900-1910	1910-1920
50000	120000		500000
10000	20000	20000	10000
15000	30000	10000	15000
20000	40000	10000	20000
25000	50000	10000	25000
30000	60000	10000	30000
35000	70000	10000	35000
40000	80000	10000	40000
45000	90000	10000	45000
50000	100000	10000	50000
55000	110000	10000	55000
60000	120000	10000	60000
65000	130000	10000	65000
70000	140000	10000	70000
75000	150000	10000	75000
80000	160000	10000	80000
85000	170000	10000	85000
90000	180000	10000	90000
95000	190000	10000	95000
100000	200000	10000	100000
105000	210000	10000	105000
110000	220000	10000	110000
115000	230000	10000	115000
120000	240000	10000	120000
125000	250000	10000	125000
130000	260000	10000	130000
135000	270000	10000	135000
140000	280000	10000	140000
145000	290000	10000	145000
150000	300000	10000	150000
155000	310000	10000	155000
160000	320000	10000	160000
165000	330000	10000	165000
170000	340000	10000	170000
175000	350000	10000	175000
180000	360000	10000	180000
185000	370000	10000	185000
190000	380000	10000	190000
195000	390000	10000	195000
200000	400000	10000	200000
205000	410000	10000	205000
210000	420000	10000	210000
215000	430000	10000	215000
220000	440000	10000	220000
225000	450000	10000	225000
230000	460000	10000	230000
235000	470000	10000	235000
240000	480000	10000	240000
245000	490000	10000	245000
250000	500000	10000	250000
255000	510000	10000	255000
260000	520000	10000	260000
265000	530000	10000	265000
270000	540000	10000	270000
275000	550000	10000	275000
280000	560000	10000	280000
285000	570000	10000	285000
290000	580000	10000	290000
295000	590000	10000	295000
300000	600000	10000	300000
305000	610000	10000	305000
310000	620000	10000	310000
315000	630000	10000	315000
320000	640000	10000	320000
325000	650000	10000	325000
330000	660000	10000	330000
335000	670000	10000	335000
340000	680000	10000	340000
345000	690000	10000	345000
350000	700000	10000	350000
355000	710000	10000	355000
360000	720000	10000	360000
365000	730000	10000	365000
370000	740000	10000	370000
375000	750000	10000	375000
380000	760000	10000	380000
385000	770000	10000	385000
390000	780000	10000	390000
395000	790000	10000	395000
400000	800000	10000	400000
405000	810000	10000	405000
410000	820000	10000	410000
415000	830000	10000	415000
420000	840000	10000	420000
425000	850000	10000	425000
430000	860000	10000	430000
435000	870000	10000	435000
440000	880000	10000	440000
445000	890000	10000	445000
450000	900000	10000	450000
455000	910000	10000	455000
460000	920000	10000	460000
465000	930000	10000	465000
470000	940000	10000	470000
475000	950000	10000	475000
480000	960000	10000	480000
485000	970000	10000	485000
490000	980000	10000	490000
495000	990000	10000	495000
500000	1000000	10000	500000

(CONTINUED NEXT COMPANY)

Two records to post.

There's costly duplication, indeed, when bank bookkeepers work under dual posting systems. They must post both to ledger and statement. But this expensive duplication of records is eliminated when you take advantage of the Recordak Single Posting System.

To do away with this costly

take advantage of the **Recordak**

[illegible]

Only one posting a day.

Because it requires only one record . . . one posting, the Recordak System reduces bookkeeping costs in three important ways: It enables bookkeepers to handle many more accounts. It reduces the amount of stationery needed . . . cuts machine requirements about 40%. It drastically reduces machine wear-and-tear.

RECORDAK

(Subsidiary of Eastman Kodak Company)

**originator of modern microfilming —
and its application to banking systems**

Two or more postings a day.

Another duplication that runs up bookkeeping costs when dual run methods are used is posting several times a day. No such duplication with the Recordak System of Single Posting! With it bookkeepers post but once daily.

duplication . . .

Single Posting System

Only one record to post.

With the Recordak System of Single Posting, bookkeepers post only to a statement. During the month, this sheet serves as the ledger. At month's end, it's photographed for the bank's record . . . then sent to the depositor with his cancelled checks.



USED BY BANK AFTER BANK.

Because it eliminates duplication . . . because it brings about significant savings in time and money . . . the Recordak Single Posting System is being used by leading banks all over the country. To see what it can mean to *your* bank, write for "IN BANK AFTER BANK AFTER BANK."

RECORDAK CORPORATION

(Subsidiary of Eastman Kodak Company)
350 Madison Avenue, New York 17, N. Y.

"Recordak" is a trade-mark

(CONTINUED FROM PAGE 67)

have an opportunity to participate in local government. They need this experience and they take pride in doing this for themselves. This procedure has proved highly successful."

In illustrating the importance of the bank's personal service work with veterans, Mr. Hostetler relates the story of a married GI with two children who applied to his department for a loan to buy an old house. He sat down with the veteran and worked out a budget, which revealed that he could not afford to buy this house because of the amount of repairs that would be necessary. The First National declined the loan, but another bank granted it.

The borrowers attempted to do the remodeling, papering, painting, etc., themselves after hours, and fell to bickering. Their marriage ended in divorce. After the house was sold the couple talked over their marital troubles and concluded that the financial worries of the house together with the irritations growing out of their efforts to rehabilitate it had led to their divorce. Subsequently they remarried and they now have a healthy respect for Mr. Hostetler's counsel.

"This is just one of the many illustrations where the bank has received absolutely no remuneration for its time and counseling," he said. "We believe in the veteran as an individual and feel that any help we can give him is effort well spent."

Farm Leadership Scholarships

UNDER an "enrichment of farm leadership plan" announced by L. A. Hartl, president, and John L. Stauber, executive vice-president, Citizens National Bank of Marshfield, six Central Wisconsin boys will receive \$100 agricultural scholarships each year.

These scholarships are intended to help defray the \$227 annual cost of the two-year farm short course at the University of Wisconsin's College of Agriculture and will be open to boys 17 years old or older in Wood, Clark and Marathon counties.

Graduates of a four-year high school agricultural course may complete the farm short course in a single year, and, when they elect to do so, their second year's scholarships will be handed over to other eligible boys.

Plans for an outlay of \$600 in the first year and thereafter a \$1,200 scholarship fund will be available. A committee

Sunny skies, 43,000 spectators from 15 states, a half-million dollar farm machinery display and teamwork contributed toward making the two-day Pilot Rock Plowing match and farm rehabilitation demonstration at Cherokee, Iowa, a bang-up success. During this project, sponsored by the Steele State Bank with the assistance of the agricultural committee, Iowa Bankers Association, 35 bankers took turns at acting as host at the bankers' headquarters. The central display, below, was the backdrop for radio and newspaper correspondents in their broadcasts and V.I.P. interviews. Left to right, Iowa Conservationist Frank Mendell and R. E. Tool, executive vice-president, First National Bank, LeMars, and vice-chairman of IBA's agricultural committee



composed of county agents will receive applications for the scholarships and their nominations must be ratified by the dean of the College of Agriculture.

More than 10,000 farmers have taken advantage of the University's short course, which extends from mid-November to mid-March.

The primary objective of the scholarship plan, according to Vice-president Stauber, is to offer agricultural training to young men who might not otherwise have the opportunity to acquire technical instruction in this field.

Short course, rather than full four-year, scholarships were decided upon because it was felt that more young men could be helped. Moreover, the bank thought the young men who were attracted to the short course would be the type most likely to stay in their home communities and build up Central Wisconsin agriculture.

Economic and Agricultural Conference Resumed

HARRY C. HAUSMAN, secretary of the Illinois Bankers Association, announces that the economic and agricultural conferences at the University of Illinois, discontinued during the war, will be resumed this Fall.

These conferences, held in cooperation with the Colleges of Agriculture and Commerce and the Extension Division of the University, have been very popular with bankers throughout Illinois and the interchange of ideas between the University and bankers have enabled both to give a better and more coordinated service to the people.

The conferences are scheduled for November 18-20, and the subjects to be discussed by speakers of national prominence include: Trends—General Outlook and the Determining Factors; Credits—Both Loans and Investments; Interest Rates; Government Debt Management; Federal Reserve Policies and Impact on Banking; Treasury Policies and Impact on Banking; Land Use, including trends of crop yields, physical basic properties of soil, chemical properties of soil, contouring, terracing, grass waterways, etc.

The Illinois Bankers Association's committee on the conference is headed by Ambrose W. Harbert, executive vice-president, City National Bank, Centralia.

Bank Conservation Ads

SINCE a substantial portion of the assets of the Kaleva State Bank, of Kaleva, Manistee County, Michigan, is invested in loans directly or indirectly connected with farming, the bank feels that it is a duty as well as a service to the community to furnish active leadership in local soil conservation projects. Currently it is sponsoring a series of advertisements promoting soil and water conservation sponsored by the Manistee County Soil Conservation District and is helping the district develop a district dune sand control demonstration on a site known locally as the "Kaleva Sahara."

Information obtained from this project will be offered to participants to help them stabilize their individual sand blow areas.

Conservation practices advocated by the advertisements include: Orchards laid out on the contour to hold soil and prevent water run-off; permanent sod cover and straw mulch for orchards that are planted on soils that erode easily and are very droughty; strip cropping; sod waterways; fertilization; and reforestation.

MARY B. LEACH

BANKING

FIELD WAREHOUSING

Warehouse Receipt Loans Against Inventory

Warehouse Receipt Loans against inventory . . . stored right on your customer's own premises . . . enables you to extend maximum credit service with minimum risk to those customers requiring accommodations in excess of your open line limits. Our Field Warehouse Service is preferred by hundreds of banks.



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New York Terminal Warehouse Company
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

Consumer Credit News

Credit Controls Won't Bother Banks Following A.B.A. Guide

This digest of recently published fact and opinion was compiled by THEODORE FISCHER of BANKING's editorial staff.

BANKS which have been following the instalment credit terms recommended by the Consumer Credit Committee of the American Bankers Association will be little affected by the reimposition of controls.

In many instances, the A.B.A. guide called for identical terms. In some it called for larger down-payments or shorter instalment periods.

The principal difference is that the new regulation covers all instalment credits to a maximum of \$5,000. The original Regulation W went only to \$2,000, and the A.B.A. had covered terms to a maximum of \$2,500.

Business Comment, published by The Northern Trust

Federal Reserve Board Regulation W, effective September 20, 1948, covers instalment sales of, and loans for, 12 kinds of consumer durable goods. It also places certain restrictions on other types of instalment loans. Here is a chart that will give you important highlights of the regulation:

NATURE OF THE CREDIT (Type of article or service to be financed, or purpose of the loan.)	DOWN PAYMENT REQUIRED	MAXIMUM MATURITY	
		LOANS OVER \$10, TO \$1,000	LOANS OVER \$1,000, TO \$5,000
1. AUTOMOBILES (passenger cars designed for carrying less than 10 passengers, including taxicabs).	33 1/3%	15 months	18 months
2. COOKING STOVES and ranges for household use.	20%	15 months	18 months
3. DISHWASHERS, mechanical, for household use.	20%	15 months	18 months
4. IRONERS designed for household use.	20%	15 months	18 months
5. REFRIGERATORS, mechanical, of less than 12 cubic feet rated storage capacity (including food freezers).	20%	15 months	18 months
6. WASHING MACHINES designed for household use.	20%	15 months	18 months
7. COMBINATION UNITS incorporating any listed article in the foregoing classifications (2 to 6).	20%	15 months	18 months
8. AIR CONDITIONERS, room unit.	20%	15 months	18 months
9. RADIO OR TELEVISION receiving sets, phonographs, or combinations.	20%	15 months	18 months
10. SEWING MACHINES designed for household use.	20%	15 months	18 months
11. SUCTION CLEANERS designed for household use.	20%	15 months	18 months
12. FURNITURE, household (including ice refrigerators, bed springs, mattresses, lamps); soft surface floor coverings.	20%	15 months	18 months
13. LOANS FOR EDUCATIONAL, medical, hospital, dental or funeral expenses.	EXEMPT FROM REGULATION		
14. HOME IMPROVEMENT LOANS, not including purchase of items 1 to 12.	EXEMPT FROM REGULATION		
15. LOANS FOR FIRE AND CASUALTY insurance premiums in excess of a year, secured by unearned premium.	EXEMPT FROM REGULATION		
16. REAL ESTATE LOANS to finance or refinance construction or purchase of residence.	EXEMPT FROM REGULATION		
17. BUSINESS LOANS to business concerns, but not including purchase of items 1 to 12.	EXEMPT FROM REGULATION		
18. AGRICULTURAL LOANS to farmers, but not including purchase of items 1 to 12.	EXEMPT FROM REGULATION		
19. CREDIT to dealers to finance articles for resale.	EXEMPT FROM REGULATION		
20. CREDIT to automobile salesmen to finance purchase of autos as demonstrators.	EXEMPT FROM REGULATION		
21. CREDIT to governmental agencies, churches, hospitals, clinics, sanitariums, schools, colleges or other religious, educational, charitable, or eleemosynary institutions.	EXEMPT FROM REGULATION		
22. CREDITS under government rehabilitation and readjustment programs.	EXEMPT FROM REGULATION		
23. DISASTER CREDITS in public emergencies.	EXEMPT FROM REGULATION		
24. CREDIT for purchasing securities.	EXEMPT FROM REGULATION		
25. OTHER INSTALMENT CREDIT	No down payment	15 months	18 months

From *New Regulation on Consumer Credit*, published by Advertising Department, American Bankers Association

Company, Chicago, feels, with most other authorities, that the new controls will do but little in dampening the boom.

"It is significant," the bank publication says, "that renewed restrictions on instalment credits are being imposed at a time when the use of such credit, and the amount outstanding, are low relative to prewar relationships. If the use of consumer credit were already large relative to total sales, regulation could accomplish little in the effort to dampen the boom and lighten the severity of a recession."

Boon in Disguise?

Terrance Nebborg, commenting in *The Industrial Banker* on the reimposition of instalment credit regulations, uses some harsher words. Regulation of a small segment of the economy can make a great impression on a large part of the populace, he says.

"This may be hard on the companies granting credit," according to Mr. Nebborg, "and it will annoy a lot of people (CONTINUED ON PAGE 74)"

Below is a comparison of the old and new credit regulations contrasted with the A.B.A. guide. This appeared in the *Monthly Letter* of the National City Bank of New York

Consumer Instalment Credit Terms			
	Regulation W terminated 11/1/47	ABA Guide	New Reg. W effective 9/20/48
Maximum credit covered	\$2,000	\$2,500	\$5,000
Autos			
Down payment			
New cars	33 1/3%	33 1/3%	33 1/3%*
Used cars, '46 and later	33 1/3%*	33 1/3%	
" " '40-'41-'42	33 1/3%*	40%	
Maximum maturity			
New cars	15 mos.	24 mos.	15-18 mos.**
Used cars, '46 and later		18 mos.	
" " '40-'41-'42		15 mos.	
Household appliances			
Down payment			
Refrigerators, ranges, washers, ironers	33 1/3%	20%	20%
Radios, phonographs, other appliances		25%	
Maximum maturity			
Refrigerators, ranges, washers, ironers	15 mos.	36 mos.	15-18 mos.**
Radios, phonographs, other appliances		18 mos.	
Furniture and furnishings			
Down payment	20%	—	20%
Maximum maturity	15 mos.	—	15-18 mos.**
Instalment loans			
Maximum maturity	15 mos.	—	15-18 mos.**

*Maximum loan value 66 2/3% based on the cash price or on an officially approved "appraisal guide value", whichever is lower.

**Limit of 15 months on loans of \$1,000 or less, and of 18 months on loans over \$1,000.

*Maximum loan value 66 2/3% based on the cash price or on an officially approved "appraisal guide value", whichever is lower.

**Limit of 15 months on loans of \$1,000 or less, and of 18 months on loans over \$1,000.

a new view in farm power

**ENGINE
in rear**



The Allis-Chalmers Model G tractor and its broad line of front-mounted companion implements bring new visibility, new ease of operation, new economy . . . *new performance* to family farms of all types and sizes.

The rear engine design of the Model G seats you in front with clear, unobstructed, straight-ahead vision. The front-mounted implements are scarcely a hoe-handle length from your eye. Any one of the matched tools can be attached or removed in five minutes or less, and you can operate this economical tractor on two to three quarts of fuel per hour.

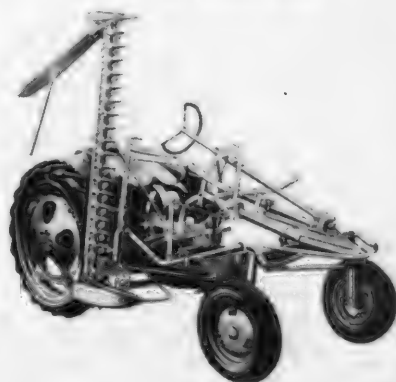
When equipped with two-row drill planter (illustrated above) the Model G will enable you to plant up to 25 acres per day. With other tools you can plant and cultivate from one to six rows at a time. Even the 12-inch plow is front-mounted. Wheel treads can be adjusted to fit any desired row spacing of 10 inches and up, and you have a selective speed range of $\frac{3}{4}$ to 7 miles per hour.

**for ALL jobs on some farms
for some jobs on ALL farms**

ALLIS-CHALMERS
TRACTOR DIVISION • MILWAUKEE 1, U.S.A.

**IMPLEMENTS
in front**

Model G tractor
equipped with 5-foot
front-mounted power mower.





This Incomparable Chair Will Help You Make a COMFORTABLE Living

Here is *one* tax you can avoid . . . the tax on your vitality and energy so often caused by using a desk chair that you unconsciously "fight"! Many men *think* they are comfortable . . . but do not know what comfort really is. The difference is instantly apparent in the new Sikes "customized" Rest-Flo Chair NO. X135. Its exclusive features lessen fatigue and make every working day more profitably comfortable. Handsome, impressive—it is made of genuine Walnut with foam rubber seat . . . upholstered in luxurious leathers and fabrics. *At leading office equipment dealers; write for the name of nearest.*

The SIKES Co., Inc., 24 Churchill St., Buffalo 7, N. Y.

Duplicate records faster with Portagraph



Use Portagraph to create duplicates of signature cards, unusual checks, tax returns, wills and trust agreements—and to copy letters and reports quickly. Makes up to 60 copies in one hour.

ACCURATE—no errors, no proofreading, no correcting.

ECONOMICAL—photocopies cost only a few cents each.

SIMPLE—no darkroom, no experience needed; automatic electric timer assures correct exposures.

STURDY—all steel construction, yet light enough to be easily moved.

VERSATILE—copies any kind of record—written, printed or drawn on one or both sides—white or colored paper, any weight from tissue to card stock.

Write for free descriptive folder. Room 158, Photo Records Div., 315 Fourth Avenue, New York 10.

FOR GREATER BUSINESS EFFICIENCY—USE PHOTOGRAPHY

Remington Rand

Consumer Credit News

(CONTINUED FROM PAGE 72)

who use this credit. If only it can annoy them enough, perhaps the average economic sense will be somewhat improved and federal interference with business for purely propagandistic purposes may some day be lessened.

"If the amount of credit extended could be reduced by the regulation it would be insignificant," he says, "in face of such other inflationary activities of government as excessive, ill-timed, and unwise spending; buying up scarce commodities; destroying consumable goods; an ever-increasing federal payroll; using the Marshall Plan as an aid to unburden the farmers of Kansas of excessive crops of wheat; the farm parity program; holding interest rates artificially low; and so on and on."

Auto Financing

Among those planning to finance the purchase of new cars, there's a marked preference for financing through the banks, says *The American Magazine*.

The periodical has conducted a survey of its reading families, some 2,480,000 strong, "which generally are in the middle-income class."

With those who have made up their minds, there's a preference for financing through the banks, both by those who now own cars and by those who don't. And, equally important to the lenders, there's a large group wanting to finance their purchases, who haven't decided where to go. The survey shows that 27.6 percent of the families know definitely how they'll do their financing, while 25.2 percent who intend to finance haven't decided where to do it.

Among all families planning to buy a car before 1950, here's how the group will arrange the financing: Expect to



"Nope, no ash tray—once you pay for it you can't afford to smoke"

pay cash, 47.2 percent; expect to buy on time through a bank, 18.6 percent; expect to buy on time through a finance company, 9 percent; will finance but still undecided on method, 25.2 percent. Thus the banks and finance companies, the magazine points out, "have a sizable market of 25.2 percent of these families—whose median income is \$3,850—to cultivate and educate to the benefits of their individual financing methods."

In its September issue, the magazine's "Family Money" column conducted by Mary Berkeley Finke and Helen Knox, gives some vital facts and figures on financing car purchases.

The authors detail the costs and procedures involved in financing through either banks or finance companies. "Commercial banks offer the lowest rate to finance the purchase of your car," they assert. "Today, thousands of banks all over the country make such loans."

Distaff Credit

The Federal Reserve Board has discovered that women are better credit risks than men. Men's clothing stores wrote off as a bad debt 56 cents out of each \$100 of sales credit last year, the board discovered. Women's apparel stores, however, showed only a 34-cent loss.

Since Federal Reserve attempted no explanation, the Associated Press felt constrained to search out the reasons. Accordingly it questioned the credit managers of a number of Washington stores, and advanced a few theories.

When men buy clothes on credit, AP decided, they do so primarily because



The Future of Prices

INFLATION is not yet overcome and will continue (at a diminishing rate) for the next several months at least.

We are due for a realignment of prices—a more balanced agricultural-industrial price relationship.

From present indications it does not seem as if we will experience a major price readjustment downward as we did in 1920.

—ROBERT L. HEILBRONER
in *Consumer Credit*,
Consumer Bankers Association

they really need the time to pay. Most men who have the cash do not seek credit. On the other hand, many husbands don't give their wives a lot of cash to carry around, preferring that they charge their clothing purchases. When a man buys on credit, there's only one person responsible for payment. But when his wife buys that way, two people will be seeing to it that the bill is paid.

"Real Income" Up

Prices are still rising but the buying power of the average family is rising

even faster, according to a survey of "real income" conducted by Investors Syndicate, which says that "real income is the relationship of revenue to living costs."

Although total costs for the typical family are 10 percent higher than a year ago, the average family's income is up 11 percent, leaving a net increase of 1 percent in buying power, the survey shows.

Instalment Earnings Booklet

The A.B.A.'s Consumer Credit Committee has just completed a booklet, "Know Your Earnings on Instalment Loans," which is available to A.B.A. member banks on request.

With activity in consumer instalment credit increasing, there is a pronounced need in many banks for a reasonably accurate method of determining the earned and unearned portions of the income derived from this service, according to Lehman Plummer, chairman of the committee and vice-president of the Central National Bank and Trust Company, Des Moines, Iowa.

"This study on earnings accrual," Mr. Plummer said, "has been prompted by the many inquiries received from member banks which were in search of a

simple method of determining monthly earnings on instalment loans. Some of the most practical methods were studied by the committee and are explained in detail in this publication."

Included in the booklet are six methods for computing earnings on instalment loans, a method of accrual audit control, and a monthly earnings schedule for quickly computing monthly earnings.

Instalment Buying Aids in Bringing Down Prices

INSTALMENT sales credit is considered necessary for mass consumption and thus to provide a market for the mass production of which this country is capable. Instalment buying, with continued possession dependent on meeting the payments when due, forces many people to save who would not have done so otherwise. This may make them work a little harder and it does channel funds into the articles where mass production is so essential for lowering the price.

—From *Business Comment*,
Northern Trust Company

“

Gentlemen:
"Thank you very much for refunding the full value of National City Bank Travelers Checks which were stolen from me.

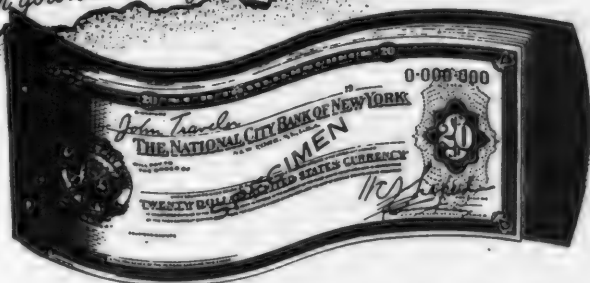
"My experience was, indeed, an unhappy one and it would have been considerably worse had I not had the protection of your Travelers Checks.
"I cannot speak too highly for your service and for the prompt manner in which you settled my claim."

”

This letter expresses vividly how National City Bank Travelers Checks transformed worry over loss of money into reassured peace of mind. It is typical of many letters which we receive from grateful clients.

NCB Travelers Checks are safe, spendable everywhere and good until used. They are nationally advertised. Every advertisement urges, "Ask for them at your bank."

Banks retain the entire selling commission of ¾ of 1%. Write for details.



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First in World Wide Banking

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Member Federal Deposit Insurance Corporation

How to Plan a Bank Building

(CONTINUED FROM PAGE 58)

will aid the architects and engineers in laying out the conduit systems for wiring. Outlets for future connections should be provided over most of the office areas in order that the wiring system may be flexible enough to take care of all changes or expansions.

Copies of these departmental layouts, when completed, should then be turned over to the individual or group appointed by top management to work out the proposed layout of the entire institution.

In assembling the departments, it is well to locate adjacently those which are interrelated as to function, or those having frequent contact with each other. The necessity of contacts between the departments and the public should be carefully evaluated.

The flow through the bank should also be studied. The possibilities for expansion due to normal growth must be considered for the entire institution.

Location of tellers' windows within the public spaces should be carefully considered. If they are closely spaced and adjacent to or near the entrance, the lines that form in front of them periodically may block the remainder of the lobby. It would seem best generally to flank the entrance to the lobby with the officers' areas, and keep the crowds to the rear, thus insuring better customer circulation.



When working with space already built there are certain basic things to remember with regard to working conditions. The three principal factors that determine whether a room is a good place in which to work are heat, light, and ventilation.

Experts say that workers are influenced by color, and we know that noise and overcrowding definitely make for inefficiency.

Daylight fades rapidly as you move away from windows and is not effective for more than 20 to 25 feet; therefore, a room with windows on both sides and more than 40 feet wide will require more than daylight to properly illuminate the working space in the center. On the other hand there have been such advances in artificial lighting that it is possible to adequately light any space without glare and without shadows.

Lighting an Important Expense Item

Intensity of illumination as recommended by most experts would average about 100 foot-candles at desk levels. If we compare this to the intensity of shaded sunlight outdoors, (about 1,000 foot-candles), it seems little enough, but when added up over any office and converted to kilowatt hours, it becomes an important expense item.

Heating and ventilation should go together. Men and women in the same room are hard to please, as men generally are more warmly dressed than women. No rule-of-thumb will solve this problem easily. A system that will deliver fresh warm or cooled air at controlled humidity is ideal if properly designed. Carelessly installed systems of air cooling may deliver annoying blasts of uncomfortably cold air to persons sitting too close to outlets. A good air-conditioning system will screen out the dirt and grit so annoying to everyone, and besides the comfort derived from controlled air, such a system actually makes the bank a cleaner place in which to work.

Noiseproofing a Must

Because windows can be kept closed in properly air-conditioned spaces a good deal of street noise as well as dirt can be eliminated. Proper selection of equipment and the use of sound-deadening material can reduce internal noise to a minimum. Wherever it is possible to do so, noisy office machinery should be segregated behind walls or partitions designed for maximum sound-deadening effect. There are available sound-deadening hoods for machines that cannot be segregated.

There should be a minimum of private offices, as the private office usually is uneconomical as to space. In a remodeling job, spaces allotted for private offices usually are located on outside walls and complicate the problem of heating and ventilation, and shut off too much daylight.

When all these things have been considered and all the interlocking activities of the bank have been fitted into the master plan and restudied in combined form by all the department heads; and when the coordinators have "sold" all concerned that the best solution for the entire institution has been arrived at, then in my opinion, you are ready to call in your architect and start your final studies.

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Incombustible Stran-Steel Framing, in combination with non-inflammable material, produces a fire-resistant structure at minimum cost.

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Stran-Steel Framing provides freedom from warping, shrinking and rotting. It is termite-proof and fungus-proof. Plaster cracks and sagging doors and windows are virtually eliminated.

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Steel framing is an accepted assurance of lasting, uniform quality throughout—a favorable factor in attracting prospective buyers. Stran-Steel Framing helps keep buildings salable over a longer period of years.

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Stran-Steel Framing has now been used in residences, garden-type apartments, multiple dwellings, commercial and industrial buildings for over ten years. Back of its high quality are the reputation and facilities of the Great Lakes Steel Corporation, producers of

America's most useful and versatile building—the Stran-Steel-framed arch-rib Quonset.

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THE VERSATILE QUONSET DEMONSTRATES THE VALUE OF STRAN-STEEL FRAMING

A Quonset 40 and a Quonset 24 were used to provide an attractive and functional auditorium with classrooms for this San Antonio School. Here's evidence of the wide flexibility possible with all six basic Quonsets. All over the country, clear-span, efficient Quonsets are serving virtually every type of industry, business and occupation. Arch ribs of nailable, pre-cut Stran-Steel Framing provide much of the versatility, durability and value for which the Quonset is famous.

*REG. U. S. PAT. OFF.



BANK LAW NEWS

Summary of 1948 State Banking Legislation

THIS is one of the alternate years in which few state legislatures meet in regular session. Annual sessions are, of course, held in five states. In addition to these only four states held regular biennial sessions, while California had its regular off-year session for consideration of budgetary matters only. Missouri's 1947 biennial session continued to sit through 1948, and eight other states had special sessions of generally limited scope.

As is usual in off-years, the volume of new legislation was comparatively small, and yet the amount of new banking legislation was not inconsequential.

While no statutes recommended by the American Bankers Association were adopted in their entirety, some existing legislation was amended to bring it within the scope of the A.B.A. recommendation, some new laws did achieve the object of acts or parts of acts recommended, and three statutes suggested by the Association's Trust Division were adopted.

Virginia enacted the two measures providing for settlement of interstate disputes over death taxes—Interstate Compromise, and Interstate Arbitration of Death Taxes when Domicile is in Dispute. South Carolina adopted the Uniform Simultaneous Death Act, which provides that persons who perish in a common disaster shall be deemed to have died simultaneously, in the absence of proof to the contrary.

Virginia also amended the Principal and Income Act so that income earned during administration of an estate, and not otherwise disposed of, will be distributed and not added to principal, and passed §3 of the Uniform Fiduciaries Act, although without recommended amendments which cover transfers out of the name of a fiduciary and transfers into or out of the name of a nominee of the fiduciary.

Massachusetts adopted an interesting law combining objects of both the Deposits in Two Names and the Deposits in Trust statutes and applying to joint

savings banks deposits in trust for third persons.

In conjunction with its new five-day-week law, Kentucky amended its Negotiable Instruments Law, while a further rise in the high cost of living, for one fragment of the body politic at least, was noted in Mississippi where the penalty for issuing a check without funds increased from \$300 to \$500.

Louisiana's State Arbitration Act was amended to govern arbitration of future disputes, as does the act recommended by the A.B.A. and the American Arbitration Association. Massachusetts adopted the recommended amendment to § 20 of the Uniform Warehouse Receipts Act, providing liability for non-existence or misdescription of goods listed on receipts issued by a warehouseman's agent or employee. New York adopted a statute, somewhat similar to § 9 of the Uniform Fiduciaries Act, stipulating that a bank, in the absence of actual knowledge, may assume that a trustee is entitled to funds which he transfers from a trust account to his personal checking account.

Deferred Posting

Rhode Island and Virginia passed laws to permit posting of checks on the day following receipt. Rhode Island's

law gives a bank upon which a check is drawn or through which it is made payable until the close of the next business day following presentment to decide whether or not it shall honor the check.

Virginia's law gives a drawee bank until midnight of the following business day to revoke payments made on checks, other than those cashed over the counter.

Legislation which, though varying a good deal in many particulars, does seem to permit so-called deferred posting of checks, has now been enacted in the following 17 states.

Alabama	New Mexico
California	Oregon
Florida	Pennsylvania
Idaho	Rhode Island
Illinois	Texas
Massachusetts	Utah
Michigan	Virginia
Nebraska	Wisconsin
	Wyoming

Five-Day Week

The trend toward the five-day bank week continued. Of the 19 states having regular or special legislative sessions, three, Kentucky, Louisiana and Michigan, adopted five-day-week legislation,

(CONTINUED ON PAGE 80)

1948 Legislative Sessions

Arizona	S	Massachusetts	A	Rhode Island	A
California	A	Michigan	S	South Carolina	A
Connecticut	S	Mississippi	B	Utah	S
Kentucky	B	Missouri	B†	Virginia	B
Louisiana	B	New Jersey	A	Wisconsin	S
Maryland	S	New York	A	Wyoming	S
		Ohio	S		

† Regular 1947 session continued through 1948.

A = Regular annual session. B = Regular biennial session. S = Special session.

It's a personalized service
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Gift Checks for every occasion

It's a complete service in beautiful, full-color Gift Checks . . . and it's sweeping the country! Over 400 banks in 38 states have discovered how their customers appreciate this brand-new solution to the "gift" problem . . . how the Gift Checks themselves help to bring in *new* customers as well.

They're offered to you, *imprinted with your bank's name!* Each Gift Check is specially designed and lithographed in full color and there's one for every widely observed gift occasion. Each check has a matching greeting card jacket and a mailing envelope as well.

Gift Check promotions will not only further personalize your banking service, but add new names to your customer list. The service provides, at no extra cost to you, a manual of operations and a supply of operational forms. Promotional material such as folders, showcards, and newspaper mats are available at cost. Send today for information and specimen checks.

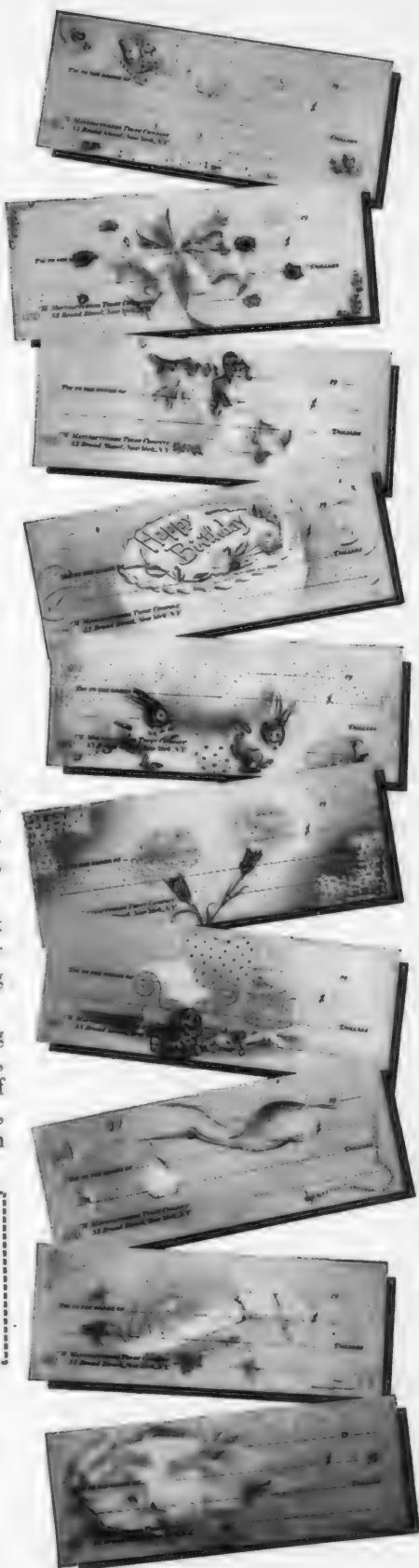
GIFT CHECKS FOR THESE OCCASIONS

- | | | |
|------------------------|------------------|---------------------|
| 1. Graduation | 4. Father's Day | 7. Christmas |
| 2. Wedding | 5. Birth | 8. Easter |
| 3. Wedding Anniversary | 6. Birthday | 9. Special Occasion |
| | 10. Mother's Day | |

Manufacturers Trust Company

Head Office: 55 Broad St., New York 15, N. Y.

Member Federal Deposit Insurance Corporation



(CONTINUED FROM PAGE 78)

10 already had it, two had sessions at which no bank legislation was considered, while Virginia twice had Saturday closing bills pass the Senate by large majorities only to meet defeat in the House.

The new Michigan law permits year-round statewide Saturday closing. The Kentucky law is similar except that it allows banks to close on any fixed weekday. Louisiana's law makes no mention of bank closing, merely declaring Saturday a legal holiday in Orleans Parish (New Orleans) and giving the authorities of two other parishes adjacent to New Orleans the option to

make Saturday legal holidays there also. The Louisiana law does provide that bank transactions, otherwise legal, shall not be illegal because performed on a holiday.

Other holiday legislation included a Mississippi law making Monday a legal holiday whenever a regular legal holiday falls on Sunday, a new holiday, Dec. 26, in South Carolina, and "Prohibition of Labor and Industry" on Aug. 14, "Victory Day," in Rhode Island.

Taxation

In the field of taxation, California extended for another year its existing 15 percent bank and corporation income tax reduction, while Massachusetts

continued temporary additional manufacturing and business corporation taxes which have some bearing upon the amount of that state's bank tax.

Mississippi's definition of "earned surplus" for purposes of ad valorem taxation now includes paid-in surplus of banks organized since March 1944. Kentucky changed its intangibles tax on money in hand, stocks, notes, bonds, accounts and other credits, to make the situs of the property the residence of its real or beneficial owner, rather than that of the agent or fiduciary who might have custody of it. The amount of that tax was also reduced 25 cents per \$100 valuation, while in Virginia a 20 cents per \$100 specific property tax on money was abandoned as personal and corporate income taxes were increased.

Municipal Taxes

The number of municipalities levying various kinds of special taxes upon individuals and business continued to grow. As the result of a 1948 Missouri law, St. Louis will assess a 1½ percent individual and corporate income tax for the next two years. Other large cities levying similar new taxes this year were Louisville, Kentucky, and Columbus and Youngstown, Ohio.

In the sphere of sales and use taxes, California continued an existing reduction for another year, Connecticut reduced its tax, and Louisiana increased its state tax while lowering the New Orleans city tax. Two Maryland resolutions are noteworthy: one memorializes the Congress to make national banks subject to the state sales tax law; the other requests national banks to comply with the law voluntarily.

Virginia's deed and mortgage recordation tax was increased, while in New York the use of notes in connection with real estate mortgages has been permitted for the first time, in the hope that taxes now imposed upon bonds issued in this connection may be avoided.

Loans, Mortgages and Interest

Louisiana now permits chattel mortgages on shifting inventories and South Carolina requires anyone seeking to register a car upon which a lien is outstanding to make that fact known. New Jersey has raised the coverage of its Small Loan Law from \$300 to \$500 and the ceiling on bank instalment loans from \$1,000 to \$2,000. The maximum duration of the latter has been increased from one to two years.

New York's moratorium on mortgage foreclosure and recovery of deficiency judgments has been continued for another year, as have laws governing



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There are brand new HIAWATHAS taking to the rails . . . new equipment on existing HIAWATHAS . . . a total of nine thousand miles a day of Hiawatha service!

New Hiawatha equipment includes cars with the glass-roofed Skytop Lounge, and new-type drawing room parlor cars. There

are spacious diners with fresh decorative schemes, Tip Top Tap cars with snack sections and cocktail rooms, reclining chair coaches with big lounging rooms.

Look at the map. Next time you're in Milwaukee Road territory, we invite you to ride the HIAWATHAS for a new travel thrill. H. Sengstacken, Passenger Traffic Manager, 708 Union Station, Chicago 6, Illinois.

THE MILWAUKEE ROAD

The friendly Railroad of the friendly West

charges that may be made by banks acquiring instalment paper. Kentucky now allows amendment of real estate mortgages to secure additional loans up to \$2,000, if the original instrument so provides.

Administration and Regulation

Several changes in laws dealing with bank supervision were made in Mississippi. A banking board of five men, one of whom must be an active senior officer of a state chartered bank, was created, and salary increases for the banking department were provided. As did Massachusetts and New York, Mississippi adopted legislation dealing with the problem of expense of bank examinations. New York's law provides that the bank commissioner may prorate examiners' traveling and subsistence expenses. Previously some banks, because of their location, had little or no such expense to bear, while others less fortunately located paid substantial amounts.

Virginia amended its bank act to prescribe qualifications for bank department personnel, authorized limited-facility branch banks at VA hospitals, passed an anti-statewide branch banking law, and increased to five years the time which a bank must be in business before it may be party to a merger. Massachusetts provided that banks may not acquire branches in other counties by means of merger. Rhode Island provided for surrender to the state, without prior advertising, of unclaimed bank deposits of less than \$10. New York provided banks with a statutory short form of power of attorney, the use



■ The high cotton fiber content . . . 75% . . . of Stonewall Ledger, the care used in its manufacture, give it strength and durability well beyond the average. Stonewall Ledger has excellent ruling, writing and erasing qualities, is ideal for bonds, deeds, journals, legal instruments and other forms subject to constant handling.



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OLD COUNCIL TREE BOND

TUDOR LEDGER

SUCCESS BOND

STONEWALL LEDGER

CHIEFTAIN BOND

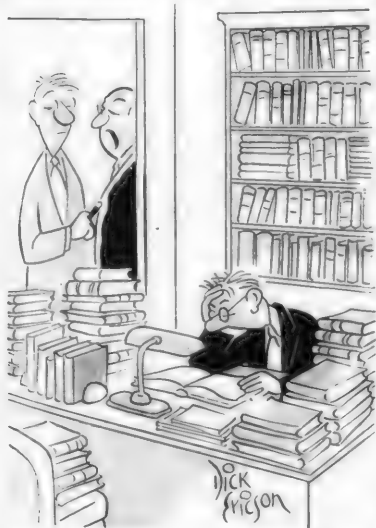
RESOLUTE LEDGER

NEENAH BOND

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NEENAH INDEX BRISTOL



"It's a new position—Assistant Vice-president in Charge of Reading New Books and Trade Periodicals"

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of which is optional. Kentucky amended its public depository law to give smaller banks a chance to receive state funds. New Jersey's new bank code made many changes in laws dealing with supervision and internal administration of bank business.

Bank Law Revision

New Jersey's new bank code, effective September 16, 1948, was the only entirely new code adopted during 1948, although in the latter part of 1947 new revisions became effective in Connecticut, Kansas, and Vermont. The latter was generally confined, however, to recodification and clarification of existing law and elimination of ambiguous, conflicting and archaic material. Massachusetts has provided for recodification of all state laws, including those affecting banking.

Other Legislation

Both Massachusetts and Rhode Island granted savings banks power to invest in World Bank obligations. New York increased from \$3,000 to \$5,000 the maximum amount of savings bank life insurance that any one bank may grant on any one life.

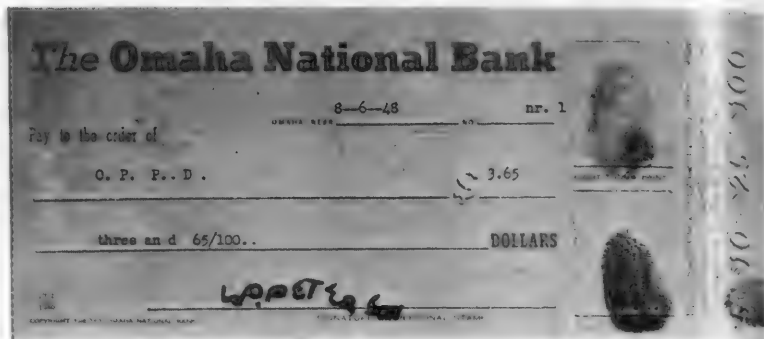
Passage of the 1948 federal income tax law apparently ended demands for state community property legislation. No new laws were adopted while Michigan's 1947 law was repealed and Pennsylvania's was held unconstitutional.

The problem of preserving and storing bank records was met in Rhode Island and South Carolina with laws allowing introduction in evidence of microfilm copies of records which have been destroyed. Rhode Island's law is limited to copies made in the regular course of business for the purpose of keeping permanent records of the originals.

Massachusetts barred acquisition of or loan upon its own stock by any bank, except when necessary to prevent loss on prior contracted debts, and gave co-operative banks (savings and loan associations) power to cash checks and money orders. New Jersey allowed savings and loan associations to act as sales agents for money orders and travel checks and to receive money for transmission through the New York Federal Home Loan Bank.

The foregoing summary does not pretend to be complete. Those desiring further information on any of the laws mentioned, or on legislation which may have been enacted upon any particular subject, may obtain it from the secretary of the A.B.A. Committee on State Legislation or, the secretary of the Trust Division.

Blind Do Own Banking With This Check



LaVon P. Peterson, first blind man to make use of the check especially designed for blind depositors at The Omaha (Nebraska) National Bank, negotiated this check entirely without assistance

A SPECIALLY designed check put into use by The Omaha (Nebraska) National Bank, enables its blind customers to negotiate their own checks, even if unable to sign their names.

The new check was designed by Eugene R. Oglebay, paying teller at the bank, after consultation with numerous authorities, including the F.B.I.

The check has raised lines for the date, number, payee, amount, and signature or personal stamp. Two boxes with raised borders are provided, each to contain a print of the right thumb. One thumbprint is affixed at the bank when the checks are supplied; the other

when a check is negotiated. This allows so little chance of forgery that the bank's carrying insurance company has approved the check as covered under the forgery section of the blanket bond.

If the blind person can type, he can make out the entire check with no assistance whatever. If he can sign his name clearly, he may have checks with the thumbprint spaces omitted.

The check has been copyrighted by The Omaha National Bank. Permission to use it will be given any bank, subject only to the condition that the checks be supplied to the blind without charge.

Getting the Facts on Real Estate

SOME institutional mortgage lenders aren't able to pin down too many real facts on over-all real estate problems, but in Los Angeles County, California, the battle of statistics has been won.

The vehicle is the Residential Research Committee, formed nine years ago for the purpose of providing accurate, timely, and "reasonably complete" information to its members.

The committee is a nonprofit community organization for the development and distribution to members of factual information on conditions affecting housing, mortgage lending, construction, and related aspects of real estate in Los Angeles County.

Back in the Spring of 1939, there developed a growing number of unoccupied units in unfurnished, multiple-family houses resulting from the rapid expansion of residential building in the county. A demand arose for more adequate information regarding the nature and scope of the problem.

An informal committee was formed and a start was made with contributions totaling about \$100. An independent appraiser was retained to conduct a special field survey. One of the large banks provided supervision and contributed some of its own survey data. The local apartment association supplied information on furnished apartments; government agencies made available technical assistance and information.

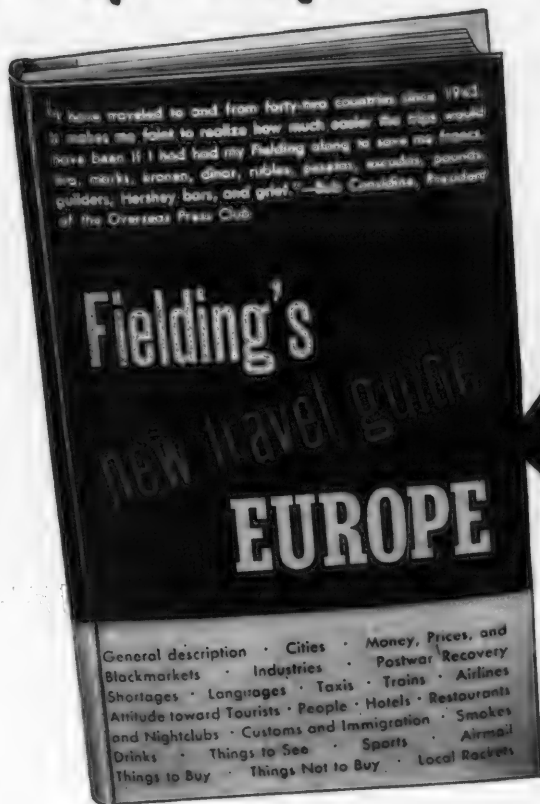
The resulting special report was discussed at a meeting attended by 50 representatives of interested firms. This culminated in an immediate demand for a continuation of this research work, and the Residential Research Committee was organized.

It now has 160 members, representing 140 organizations which account for more than 90 percent of all institutional mortgage lending in Los Angeles County. The cost is \$35 per membership per year.

The committee makes no public statements and its meetings are not reported in the press. Nevertheless, it receives requests from all over the country for information about its work.

May we quote that, Mr. Author?

... thank you!



"Cashing a Check

Use American Express Travelers checks only
... American Express checks are known to all the little people; there's seldom the slightest question of their validity."

Yes, Mr. Fielding is right. We thank him—and so will travelers everywhere. Your bank's customers can turn American Express Travelers Cheques into cash anywhere in today's travel world...

What does this mean to you?

It means that when you sell American Express Travelers Cheques you keep your customers

confident that you are providing the best possible service... the kind of service that brings customers back to your bank again and again.

For effective point-of-sale promotion material, write W. H. Stetser, Vice President, American Express Company, 65 Broadway, New York 6, N.Y.



Sell Your Customers
AMERICAN EXPRESS
Travelers Cheques
most widely known—most readily accepted



Other Organizations

NABAC

THE National Association of Bank Auditors and Comptrollers will hold its 24th annual convention in Atlanta, Georgia, October 10-13. Headquarters is the Ansley Hotel.

Registration is scheduled to open at 1 P.M. on Sunday, October 10. Exhibits will open for inspection at that time, also.

The convention will be called to order Monday morning by Eugene Webb, general convention chairman and vice-president and cashier, American Savings Bank, Atlanta. Delegates will be welcomed to Atlanta by John A. Sibley, chairman of the board, Trust Company of Georgia, Atlanta, while Arthur Burbett, immediate past president, NABAC, and comptroller, First National Bank, Baltimore, will respond to Mr. Sibley's welcome on behalf of the association. Mills B. Lane, Jr., will give his report as president of the organization. Mr. Lane is president of the Citizens & Southern National Bank, Atlanta.

The remainder of Monday morning and afternoon will be devoted to talks on a variety of topics by Robert F. Leonard, director, division of examinations, Board of Governors of the Federal Reserve System; Dr. Harold Stonier, executive manager, American Bankers Association; William Price, vice-president, American National Bank & Trust Company, Chicago; Forest Paddock, assistant comptroller, First National Bank, Chicago; and Gustav Bottner, Jr., comptroller, Dry Dock Savings Institution, New York. The session Monday afternoon will be presided over by Charles S. Conklin, auditor, First National Bank of Atlanta, and vice-president, Georgia NABAC.

Tuesday's sessions will feature a panel discussion, participants in which are Henry G. Diefenbach, comptroller, United States Trust Company, New York; James E. Griffith, auditor, Irving Trust Company, New York; Joseph E. Glass, auditor, Guaranty Trust Com-

pany, New York; Everett Livesey, assistant comptroller, Dime Savings Bank, New York; David B. Mathias, deputy comptroller, Bankers Trust Company, New York; and William K. Mendenhall, assistant secretary, New Jersey Bankers Association. There will also be addresses by Edwin G. Uhl, comptroller, Land Title Bank & Trust Company, Philadelphia; Richard Rapoport, Bank Commissioner, State of Connecticut, and president, National Association of Supervisors of State Banks; Professor J. C. Gibson, associate professor in the School of Commerce, University of Wisconsin; and Alvin J. Vogel, secretary to the NABAC research committee.

Tuesday sessions will be presided over by Paul D. Williams, comptroller, Corn Exchange National Bank & Trust Company, Philadelphia, and first vice-president, NABAC, and by Charles L. Sayre, cashier, The National State Bank, Boulder, Colorado. Tuesday's program will also include the report of the executive secretary and managing editor, NABAC, Darrell Cochard; election of national officers and directors, and reports of various committees.

The third day's sessions will be devoted to discussions, running concurrently, on problems of large banks and those of small institutions. Included among those taking part are Edward F. Lyle, comptroller, City National Bank & Trust Company, Kansas City, Missouri, and second vice-president, NABAC, who will preside over the large bank discussion; Howard B. Harmon, vice-president, Retail Credit Company, Atlanta; O. B. Lovell, comptroller, First National Bank, Madison, Wisconsin; H. W. Klockow, assistant cashier, First Wisconsin National Bank, Milwaukee; and W. T. Moody, Jr., secretary-treasurer, Middle Georgia Conference, NABAC, and assistant cashier First National Bank & Trust Company, Macon, Georgia. William A. Hennegan, auditor, The Pennsylvania Company, Philadelphia, and director, District Number One, NABAC, will preside over the small bank meeting.

The final afternoon will be devoted to committee meetings, visits to Atlanta banks and sightseeing.

Entertainment will include a theater party the first evening, a barbecue and dance Tuesday evening and a ladies' program.

Illinois Trust School

The third annual three-week session of the school for trust development men, sponsored by the trust division of the Illinois Bankers Association, opened on September 13. There was a full roster of students from all parts of the state. All sessions of the school, which is operated in cooperation with Northwestern University, were held in Wieboldt Hall, on Northwestern's downtown campus.

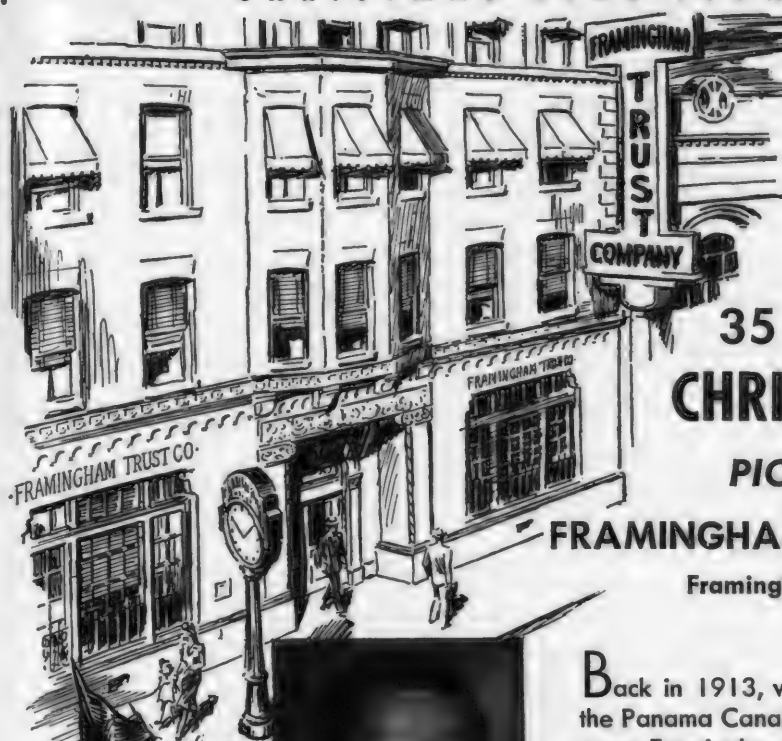
The faculty included not only members of the Northwestern faculty but also prominent attorneys, trust officers, insurance men, accountants and businessmen. Harve H. Page, second vice-president, Northern Trust Company, Chicago, is chairman of the IBA committee on the school. Harold J. Clark, Chicago attorney, acted again this year as coordinator.

(CONTINUED ON PAGE 86)

WELCOME BANKERS 1948



"The president of your institution is speaking, Watson, and looking directly at you!"



35 YEARS AGO CHRISTMAS CLUB PIONEERED WITH FRAMINGHAM TRUST COMPANY

Framingham, Massachusetts



RAYMOND L. HILLIARD
TREASURER
Framingham Trust Company

Back in 1913, when the first water entered the Panama Canal, the Framingham Trust Company, Framingham, Mass., joined with Christmas Club in offering a new service to its depositors. This service has been maintained most profitably ever since.

Through sound financial planning and execution, the progressive management of this company has made an outstanding record of accomplishment during the past 35 years. In 1913, the total assets of the Framingham Trust Company were \$814,000.00. As of July 30th, 1948, its total assets were \$12,308,092.00.

Financial executives of ability and vision are quick to see the advantages which Christmas Club brings to a bank. When Christmas Club is installed it brings with it more than the depositors' money. It is also a creator of business for banks.

Christmas Club members, making weekly deposits in your bank, soon think of it as their bank and become made-to-order prospects for the many other financial services you have to offer—Banks that have Christmas Club are Banks that grow.



Christmas Club

a corporation • FOUNDED BY HERBERT F. RAWL
341 MADISON AVENUE, NEW YORK 17, N. Y.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

(CONTINUED FROM PAGE 84)

Georgia Study Conference

The Georgia Bankers Association, Emory University, and the State Banking Department sponsored the Fourth Georgia Bankers Study Conference at Emory University early last month. Bank officers, directors, department heads and employees from all over the state attended this conference. Outstanding authorities on banking subjects were speakers at the conference, which is designed to bring Georgia bankers up-to-date with the latest news on all matters pertaining to banking.

Bankers attending the conference lived at Emory University in one of the dormitories, and were in session from 8 in the morning to 9 each evening.

Highlights of the conference were the two dinner speakers, Dr. Arthur A. Smith, dean of the School of Business Administration, Southern Methodist University, Dallas, Texas, and A. L. M. Wiggins, former Under Secretary of the Treasury and now chairman of the board of directors of the Atlantic Coastline Railroad and Louisville & Nashville Railroad, as well as chairman of the board of directors of the Bank of Hartsville, S. C.



WORLD AT OUR DOORSTEP

Bankers are conscious of World events more than ever these days. The rise and fall of the Marshall Plan can mean a great deal to the farmer in our community. Income taxes, consumer credit, commodity support and many other developments in this and other countries have a vital bearing on what is considered good banking practice. We all know that this is not a stable thing;

today's wisdom may be tomorrow's adventure.

Officers of the Fourth National Bank in Wichita welcome the opportunity to consult with fellow bankers. Our knowledge of world affairs is available to every banker in our wide circle of friends. Our friends, in turn, are a valuable source of experience that helps us serve you better. Let's get together and talk things over, soon.

THE FOURTH NATIONAL BANK

IN WICHITA

Douglas at Market
MEMBER FEDERAL DEPOSIT



Wichita 2, Kansas
INSURANCE CORPORATION



Walter L. Rehfeld (above), vice-president of the Mercantile-Commerce Bank & Trust Company, St. Louis, has been elected president of The Robert Morris Associates. Other officers elected are: *first vice-president*, Milton J. Drake, vice-president of The Detroit Bank; *second vice-president*, Fred C. Witte, vice-president, Chase National Bank, New York

Motion Pictures for Training

A pamphlet, "List of Motion Pictures and Sound Slide Films," has been issued by the Financial Public Relations Association. It was compiled by H. D. Cothrell, assistant vice-president, Fort Wayne National Bank, Fort Wayne, Indiana.

This particular list is intended for use in employee training programs. Subject matter varies from counterfeit money to correct dictation methods.

Aksel Nielsen, newly elected president of the Mortgage Bankers Association of America. Mr. Nielsen is president of The Title Guaranty Company, Denver, Colorado. R. O. Deming, Jr., president of the Deming Investment Company, Oswego, Kansas, is the association's new vice-president



Good Buildings Need Good Records

(CONTINUED FROM PAGE 55)

pense necessary to ascertain costs or other facts concerning individual items.

Considering this matter further, it might be said that an examination to determine the adequacy of a composite or group depreciation approach required as much effort as the preparation of an individual item basis. It has also been found that an item record of property tends to create a greater employee interest because such a presentation is easily understood and the scope of the whole property is more realistically illustrated.

Form of Record Sheets. The type of record should be selected, having in mind that the basic inventory or detailed ledger serves for both insurance (current values) and accounting (actual costs) as the description, location, department, date of acquisition, and other physical facts will be the same. A specimen of a property ledger sheet designed to meet these needs is on page 55. The form can be varied to meet the individual situations, but the specimen illustrates the basic requirements.

Tabulating or punch cards can be substituted and used for the underlying detail, but due to the lack of space on the cards for recording of the full description of major items it is suggested that the use of cards on these items be confined to functions of control.

A control by selected accounts for cost, depreciation, reserve and periodic depreciation provision should summarize the facts chronologically and at the same time be susceptible to convenient perpetuation. If item depreciation is desired, individual item posting can be avoided by summarizing the provisions in the top control.

Tabulating cards can be effectively used for summarization and even the computation of annual depreciation. Tabulating summaries run for this purpose, if properly designed, can also be used for field check, departmental depreciation, statistics and similar purposes where varying segregations may be wanted.

Installation of Records. The preparation of a property inventory as described, inclusive of comments upon condition and utility, should be the initial step. This record should be prepared so that it actually portrays the assets which comprise the property.

To serve for insurance, current costs

(CONTINUED ON PAGE 89)



Look to

**ST. LOUIS TERMINAL
WAREHOUSE RECEIPTS
for Your Loan Security**

By use of our **FIELD WAREHOUSE RECEIPTS** on your customer's Inventory remaining in its present location, you are provided with sound loan collateral and a flexible economical service for your customer.



Write or Wire
**OUR NEAREST OFFICE
FOR PROMPT HANDLING
OF YOUR INQUIRY**

ST. LOUIS TERMINAL WAREHOUSE CO.

QUARTER OF A CENTURY OF WAREHOUSING SERVICE

ST. LOUIS 2, MO.
826 Clark

CHICAGO 3, ILL.
First Natl. Bank Bldg.

CINCINNATI 2, OHIO
Carew Tower

DALLAS 1, TEXAS
Construction Bldg.

KANSAS CITY 6, MO.
Waldheim Bldg.

MEMPHIS 3, TENN.
Sterick Bldg.



Just a Twist of the Wrist!

It's as easy as that, so easy that we take running water for granted. It's there . . . to be turned on or off as wanted! Yet behind this easy availability is a tremendous investment in pumping stations, purification plants, pipe lines and equipment keyed to dependability.

Fairbanks-Morse, as an important supplier to our water utilities, makes dependability its watchword in designing and building pumps that help assure an unfailing supply of this important commodity.



When it comes to pumps . . .

FAIRBANKS-MORSE



A name worth remembering

DIESEL LOCOMOTIVES • DIESEL ENGINES • PUMPS • SCALES • MOTORS • STOKERS • GENERATORS • RAILROAD MOTOR CARS and STANDPIPES • FARM EQUIPMENT • MAGNETOS

(CONTINUED FROM PAGE 87)

should then be ascertained and posted. The record should also contain information upon which proper depreciation can be determined as well as sufficient information to permit segregation of costs for property excluded from the insurance contract.

To serve federal tax and corporate accounting purposes actual costs should be appended to the description of the capitalized items through an investigation and analysis of cost records. This operation must include a reconciliation with the book balances so as to provide for the elimination of assets included in the balances but no longer existing in the property. If item control has been agreed upon, the next step is the equitable allocation of the allowed depreciation reserve to the various items or classes of property.

The estimates of remaining life expectancy are obviously the most important factor in the depreciation function of the record. They should be determined with careful consideration to plans for replacement, obsolescence, condition, prior experience, and the bank's policy in accounting for rebuilding and replacement charges. Independent opinion and records of the facts considered in the determination of life expectancies would prove important should the conclusions reached be the subject of future question.

Perpetuation. The installation of property records has been broadly explained in the foregoing discussion, but it is believed that proper maintenance of the record is of equivalent, if not greater, importance. This perpetuation should be the subject of an organized, consistent program and reflect property facts and changes as they develop.

For insurance, it is imperative that changes in price levels be recognized as well as additions and retirements. It is emphasized that insurance placement and reimbursement in the event of loss must be determined largely on the basis of up to date facts both as to property and costs of replacement.

For corporate and tax purposes recognition must be given to additions and retirements as they occur, as well as to all factors having a bearing on life expectancy.

It might be inferred from the discussion that the preparation and maintenance of a property control would be a cumbersome and costly task. Actual experience has demonstrated, however, that this is not the case.

A good property deserves a good property record.

October 1948



SCENERY BOOSTS THE "BOX-OFFICE"

Ever notice how top-notch scenery makes a "boy-meets-girl" movie seem better than usual? . . . Paper does the same for your direct mail story. That's a good reason why we suggest the best. See your printer. He's an expert. He'll help you select the right *Rising Intralace* for your next mailing.

Rising Intralace

✓ New brilliant white
✓ Inexpensive

✓ 5 weights
✓ Distinctive pattern appearance

✓ Envelopes to match in 5 sizes

✓ Specially sized for offset and gravure

Excellent printing surface for letterpress

WHEN YOU WANT TO KNOW . . . GO TO AN EXPERT!



Rising Papers

ASK YOUR PRINTER . . . HE KNOWS PAPER!

Rising Paper Company, Housatonic, Mass.

COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 36-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912
Cable address for all offices—*Bancoquia*
Capital paid-up: \$8,195,000.—Pesos Colombian
Reserves: \$9,244,364.—Pesos Colombian

General Manager: Antonio Derka
Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA
BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTÁ, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrío, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

BANKING NEWS

Program for Chicago Trust Meeting Planned

Mid-Continent Sessions Will Be Held Nov. 4-5

Plans for the program of the 17th Mid-Continent Trust Conference of the American Bankers Association, which will be held in Chicago, Nov. 4-5, are rapidly being completed by the Trust Division.

The conference at the Drake Hotel will bring together representatives of banking institutions in Arkansas, Colorado, Illinois, Indiana, Iowa, Kentucky, Kansas, Louisiana, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, and Wisconsin—a total of 19 states.

The program will include talks on investments, trustees' fees, new business, estate planning, and the Revenue Act of 1948.

In accordance with a decision made at last year's meeting, a luncheon will replace the banquet held at past conferences.

Arrangements Committee

The Corporate Fiduciaries Association of Chicago will be host.

Michael A. Georgen, assistant vice-president, City National Bank and Trust Company, Chicago, is chairman of the arrangements committee. Kenneth W. Moore, vice-president, Chicago Title and Trust Company, is the vice-chairman.

Other members are Edward A. Berndt, Jr., assistant trust officer, American National Bank and Trust Company of Chicago; J. Mills Easton, second vice-president and advertising manager, The Northern Trust Company; Joseph T. Keckeisen, assistant vice-president and secretary of the trust department, The First National Bank of Chicago; Peter J. Laninga, assistant secretary of the trust department, Continental Illinois National Bank and Trust Company; and Walter E. Toon, assistant trust officer, City National Bank and Trust Company.

Time Deposit Turnover Study by A.B.A. Aims at Helping Banks Plan Investment, Cash Needs

A basic study of the pattern and behavior of savings accounts in banks, primarily the rate of deposit turnover, has been undertaken by the A.B.A. Savings and Mortgage Division.

The Division's Committee on Savings Statistics has sent to a carefully selected list of banks a questionnaire designed to fill what the Committee calls "a conspicuous gap in information on savings and time deposits." The banks are asked to supply data on deposits for the last 10 years, and from this information the Division hopes to establish a trend which, when used with other available statistics, "will add progressively to the stockpile of knowledge helpful to bank executives."

"The length of time that savings deposits reside in the banks," says the Committee, "has a direct bearing on the nature and maturity of investments which may be purchased with those funds and gives desirable help in budgeting major cash requirements. The amount of cash reserves

needed in addition to those required by law is largely determined by the rate of turnover of deposits."

The participating banks, chosen by means of a sampling procedure adequate in scope to achieve accurate results throughout the banking system, have been asked to report, under the heading "Turnover of Savings Deposits," the average amount of savings due depositors and withdrawals, and under "Turnover of Savings Accounts" the interest rate, average number of accounts and number of accounts closed, for each calendar year from 1947 back through 1938.

"Present day rapid changes in the nature and characteristics of banking," says the Committee, "have brought about a need for more and more statistical data for top management. In reviewing available material it was felt that there was a conspicuous gap in information on savings and time deposits. The spectacular climb in the volume of individual savings, as evi-

(CONTINUED ON PAGE 91)

A.B.A. Arranges Series of Credit Conferences

Will Continue Banks' Anti-Inflation Drive

A series of national credit conferences is being planned for this Fall and Winter as a continuation of the American Bankers Association's anti-inflation program initiated several months ago, it is announced by Lester E. Shippee, chairman of the Association's Credit Policy Commission. Mr. Shippee is executive vice-president, Hartford-Connecticut Trust Company.

It is anticipated that each meeting will last two and one-half days and will cover all phases of bank lending. Speakers of national prominence are expected to talk on various aspects of bank credit. The dates and places for the conferences will be announced soon.

These meetings will be co-sponsored by the A.B.A. and the state bankers associations and will be open to all banks. They will only differ from the series of regional pilot meetings held last Winter by being national in scope and fewer in number.

Issues Folder Covering New Regulation W

"New Regulations on Consumer Credit," a folder telling how Regulation W affects installment buying and personal borrowing, has been prepared by the Advertising Department of the American Bankers Association and is available to member banks. The folder includes government regulations affecting installment loans up to Sept. 20, when new Regulation W went into effect.

Among other things, the folder contains a table showing the restrictions, or lack of restrictions, on 25 types of credit.

It should be helpful in preventing misunderstandings that might keep people from obtaining needed credit, and it tells the public that banks will continue to make sound loans.

Robert W. Kneebone Leaves A.B.A. Staff

The resignation of Robert W. Kneebone as deputy manager of the American Bankers Association in charge of the Chicago office and as western advertising manager of BANKING, has been announced by Dr. Harold Stonier, executive manager of the A.B.A. The resignation was effective September 15, when Mr. Kneebone took over the managing directorship of the National Automobile Dealers Association, with headquarters in Washington, D. C.

Mr. Kneebone joined the A.B.A. staff in 1932 as advertising representative of BANKING, was appointed western advertising manager in 1937, and was named deputy manager in charge of the Chicago office of the Association in 1944. His work in these posts has brought him in contact with thousands of bankers



Bob Kneebone

throughout the country, among whom he has many friends.

He entered the publication advertising field some 20 years ago with the Curtis Publishing Company. Previously he had been in community organization work, involving the direction of financial campaigns having a community appeal. He received the degrees of Bachelor of Arts and Master of Science in Municipal Administration from the University of Michigan.

A.B.A. Sets May 30 for '49 Convention Opening

The 47th annual convention of the American Institute of Banking will be held next year in Portland, Ore., May 30 through June 3.

The invitation to Portland was officially extended and accepted at the 1948 convention in Buffalo. This will be the second time the city has been host to the convention; the first was in 1922.

The general chairman of the convention committee is C. B. Stephenson, vice-president of The First National Bank of Portland. C. C. Clarkson, vice-president of that bank's Sixth and Morrison Branch; Ralph Thom, assistant manager of The Bank of California N. A.; and Charles R. Harding, vice-president of The United States National Bank of Portland, will serve as vice-chairmen. The last three are past presidents of the Institute's Portland Chapter.

Convention headquarters will be at Hotel Multnomah.

Time Deposit Turnover Study by A.B.A.

(CONTINUED FROM PAGE 90)

denced by time deposits in commercial and savings banks since 1933, in the face of declining income rates, has created an investment problem.

"The American Bankers Association has created a Committee on Savings Statistics to study the problem of lack of adequate data in this field. One of the items receiving first attention is a basic study on the pattern and behavior of savings accounts in banks, primarily the rate of turnover of deposits.

The data to be published after the survey is completed will segregate savings in mutual

Convention Report

BANKING's report of the 74th annual convention of the American Bankers Association will appear in the November issue. The convention was held in Detroit, Sept. 26-29, after this number of the magazine had gone to press.

savings banks from those in savings departments of commercial banks. The information will also be tabulated regionally as well as nationally.

The Committee pointed out that percentage of response carried major weight in the evaluation of the data requested, and expressed the hope that the largest possible number of the cooperating banks would furnish the information.

A.B.A. Mailings

Here is a partial list of A.B.A. material mailed during September to groups indicated:

Agricultural Credit: A.B.A. reply to Nelson L. Kraschel's article in *The Farm Credit Leader*, sent to Agricultural Commission, Subcommittee on Agricultural Credit, Executive Council, deans and directors of agricultural colleges, editors of farm publications, Senate and House committees on agriculture, agricultural economists of Federal Reserve banks, and state secretaries.

Instalment Loans: Letter with required forms for use in connection with consumer instalment loans in accordance with Regulation W prescribed by Federal Reserve Board, to entire membership and state secretaries.

Mortgage Loans-Savings Funds: Four-page folder containing ratio of mortgage loans to savings funds by class of lenders (in million of dollars) on real estate loans to time deposits from 1920 to 1947, inclusive, to Savings Division officials, all savings banks in U. S., and state secretaries.

Letter with statement explaining purpose and need for survey on turnover of savings deposits and savings accounts with questionnaire covering 10-year period, to selected list of banks and state secretaries.

Loans to War Veterans: Pamphlet containing August 6, 1948 changes in VA regulations under the Servicemen's Readjustment Act of 1944, to Committee on Service to War Veterans, subscribers to "Loans to War Veterans—Manual of Procedure" and to state secretaries.

Common Trust Funds: Circular announcing new edition of "Common Trust Funds Handbook," with order form attached, to Trust Division members and state secretaries.

"Folder of the Month"

A new feature of the A.B.A. Advertising Department's service is the offering of the "folder of the month," which, in every case, is the folder released during the previous month that was most popular with the Department's subscribers. This past month the leader was "6 Kinds of Loans for You."

New Pamphlet

"Know Your Earnings on Instalment Loans," a pamphlet based on a study of methods of determining earned and unearned income, made by the A.B.A. Consumer Credit Committee, is available on request.

1948-1949 Edition of "Present Day Banking" Is Now in Preparation

New A.B.A. Reference Book on Banking Year

A 448-page reference book primarily for bankers and businessmen is to be published late this year by the American Bankers Association.

Entitled *Present Day Banking, 1948-1949*, the volume, like its immediate predecessor which covered 1947 and 1948, makes available comprehensive information on developments in banking during the past year, authoritative commentaries on trends, and extensive statistical data.

Government Agencies

An additional feature this year is a chapter on government lending agencies. Here the reader will find in concise form the essential facts about each agency. This material is a revision of a similar compilation published by BANKING several years ago.

Other chapters cover business and finance, credit, bank public relations and advertising, legislation and taxation, banking education, operations and management, insurance and protection, data of special interest to national, state and savings banks, trust services, the personnel of the A.B.A. official family. There is also a bibliography.

Numerous charts and tables add to the usefulness of the volume.

The foreword to the book, which is being edited by BANKING's staff, is by Dr. Harold Stonier, executive manager of the American Bankers Association.

CALENDAR

American Bankers Association

- Oct. 13-15 Western Regional Trust Conference, Multnomah Hotel, Portland, Ore.
- Nov. 4-5 Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.

State Associations

- Oct. 3-5 Kentucky, Brown Hotel, Louisville
- Oct. 8-9 Savings Banks Association of Connecticut, Equinox House, Manchester, Vt.
- Oct. 17-19 Vermont, Fall Meeting, Mountain View House, Whitefield, N. H.
- Oct. 25-27 Iowa, Hotel Fort Des Moines, Des Moines
- Nov. 4-6 Savings Banks Association of the State of New York, Hotel Traymore, Atlantic City, N. J.

- Nov. 10-11 Nebraska, Hotel Fontenelle, Omaha
- Nov. 19-20 Arizona, Arizona Inn, Tucson

Other Organizations

- Oct. 7-9 National Safe Deposit Association, Hotel Somerset, Boston, Mass.
- Oct. 10-13 National Association of Bank Auditors and Comptrollers, Ansley Hotel, Atlanta, Ga.
- Oct. 24-27 Robert Morris Associates, Statler Hotel, St. Louis, Mo.
- Nov. 8-10 National Foreign Trade Council, Waldorf-Astoria, New York
- Nov. 8-12 United States Savings and Loan League, New York, N. Y.
- Nov. 29-Dec. 2 Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Fla.

How Buildings Build Business

(CONTINUED FROM PAGE 53)

class restaurant to self-service snack bars at costs scaling from the price of an electric hot-plate to modern kitchens, bakeries and commissaries. Down the list of other accommodations run locker rooms and showers, libraries, first-aid stations, hobby shops, including a darkroom for the camera bug, and little incidental things like mechanical pop vendors, garden plots and free parking. All of these innovations help weld an organization, giving a lift to its spirit with a fraternal touch.

A big institution like the Northern Trust Company of Chicago, employing 1,100, set aside space in its new Madison annex for an employee lunchroom seating 200, and four separate dining rooms for officers and directors, and small private parties. An employee lounge, tastefully done in the modern manner, and a general assembly room seating 140 provide quarters for relaxation and recreation, or meetings of staff groups. The First National Bank and Trust Company of Oklahoma City, employing 240, spent \$6,000 redecorating and equipping a combination snack bar and recreation room. Employing additional help at \$300 per month for cooking and serving, and charging for all food at cost plus salaries, the net out-of-pocket expense to the bank over the first 10-month period totaled \$98.75, or slightly less than \$10 a month.

At considerably less initial expense

Employees' cafeteria in the Northern Trust Company, Chicago. It has a capacity of 200 at a sitting. A large percentage of the bank's 1,100 employees use it daily



some banks, like the remodeled Dime Savings Bank of Hartford, Connecticut, installed a modern kitchen unit for self-service. Many small banks satisfy the "coke and coffee habit" at the rental price of a nickel vendor and the cost of hot plate and coffeepot.

On the score of improving working conditions every one of the 235 case studies had something to report by way of air and sound conditioning, better lighting, larger or more efficient arrangement of work space, more pleasing decorations, and more work-saving equipment. If a trend is to be noted in the replanning of work areas, it would be the now current practice of separating or departmentalizing all functions. For instance, where space permits, the bank lobby is reserved for contact and service exclusively, with all the mechanical operations such as bookkeeping housed separately instead of the old system of locating it openly behind the tellers' section. Called functional planning, this arrangement steps up efficiency and productiveness both on the firing line and in behind-the-scenes operations.

From a merchandising point of view, the stripped down, streamlined, modern lobby whose function is strictly contact and service makes a better impression and handles a bigger volume of traffic with at least what appears to be greater ease. The most notable trend in lobby design centers on the so-called "friendly type" of counter, eliminating the high cage-like enclosures in favor of cleaner and more decorative and open partitions which afford the same amount of protection. The psychologist would have something unpleasant to say about the depressing atmosphere created by the old type of enclosures versus the new. And, while some banks believe in the "impression" of security created by elaborate bars and grill work, they usually admit it isn't very pretty.

That the trend is changing fast in counter design is indicated by the 160 of the 235 banks reporting installation of the new low "friendly type" of counter units. There isn't any standard design in size or shape, but several branch banks have tested model units with such interesting features as receding fronts and adjustable seats, with a view to standardizing a design. The American Trust Company of San Francisco and the First National Bank of Boston have experimented with units of



The employee lounge at the Northern Trust Company, Chicago, contains all the necessities for noon-hour recreation, as well as formal and informal staff meetings

this type. Although most of the new type of counters vary in some particular, a good deal of work-method planning has gone into the design and placement of cash drawers, storage compartments, details of the working counter and proper lighting. In sampling reactions to the new counter trends, every bank reports favorably on the improvement in customer relations, and they note especially the good effects of these more open contacts.

Again from a merchandising and service viewpoint, the location and arrangement of officers' quarters which are inviting, open and accessible is reported to be an advantage in business development. Here, too, we find some innovations. Following the idea of departmentalizing, officers in charge of various functions may be given separate quarters instead of the old "platform" principle of mass grouping where the customer had to ask who does what. Separate divisions for executing mortgages, consumer loans and business credit are set up not only for privacy and more intimate contact but for service advantages as well. Some banks dealing in the high finance level have equipped separate suites of offices for out-of-town customers, complete with secretarial service. And in the same vein, small banks where all customer relations are more or less on a personal basis have adopted the idea of a community room for use of local club groups and service organizations. The idea of maintaining a special farm credit department

(CONTINUED ON PAGE 94)

What

heating ✓

and plumbing ✓

tell the appraiser—



As a sound banker, you doubtless know that the equipment and fixtures that go into a house are no less important than the location and construction of the property, when it comes to determining its safe mortgage loan value. If they bear names you know and respect, you are assured that the risk is a better one. And, the fact that the builder or buyer has selected American-Standard Heating Equipment and Plumbing Fixtures indicates that he is building or buying for permanence.

Yes, heating and plumbing can tell an appraiser a lot. If they are American-Standard, you can be sure they are built to last. That's why more American homes have heating and plumbing by American-Standard than by any other single company. For information about the complete American-Standard line, contact your Heating and Plumbing Contractor. American Radiator & Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pennsylvania.



AMERICAN-Standard
First in Heating and Plumbing

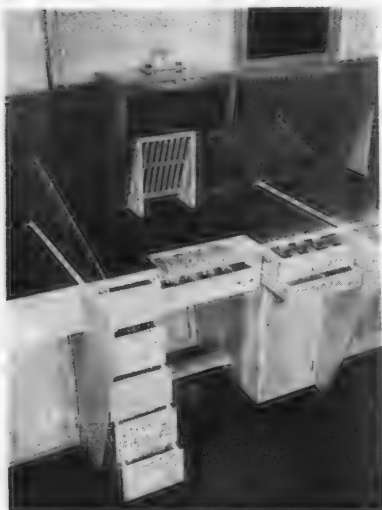
Serving home and industry

AMERICAN STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWANEE BOILER • ROSS HEATER • TONAWANDA IRON

(CONTINUED FROM PAGE 92)

and the extension of its activities to doing business on the farmyard fence follow this trend in superservice.

But there are, of course, incidental things like well equipped writing counters with fountain-type rather than typical "post-office dip pens," and a plentiful supply of forms and literature at hand. If space doesn't permit a separate customers' lounge, which 47 of our 235 case studies reported installing, then certainly a soft place to sit and rest is welcomed by customers. Even the smallest bank handicapped by narrow lobby space has provided some such convenience, even if it is only a built-in, padded wall bench. There are a couple of banks going all out to woo



A close-up of the new teller's wicket in one of the branches of the Bank of Montreal

customers—even the small fry with play pens and baby sitters.

Getting down into the finer points of merchandising, we find the information desk in many of the new banks no longer hidden behind poles and partitions, but located directly near the main entrance or smack in the center of the lobby. Some banks are even hostess-minded, adding that personalized feminine touch which is always a little less startling than the guard in a Sam Browne belt.

The traffic problem, getting more perplexing, finds an answer for the group of banks reporting to our study in the 80 construction jobs which added night-depository facilities, and the 28 which either initiated drive-in service or provided car-parking areas. One of this group is testing a "sidewalk teller"

which, although it has only two or three predecessors, seems to have all the elements of a big success.

The study further indicates that 26 banks added to their facilities for window displays—perhaps the cheapest and one of the most effective forms of advertising. Another 21 banks made some additional provisions for lobby displays, and we know that most customers are just plain folk who like to look around. Another five remodeling jobs are reported to have made major improvements for both lobby and window displays.

The growing popularity of "music while you work" is also indicated by the 20 banks of the total group which installed this feature, 14 of which had sound piped throughout the bank to be used regularly or upon special occasions.

Some 60 of the total group made some provisions by new construction or

remodeling for additional conference room space, both for internal use and for public use.

In scanning the list of present-day improvements affecting relations at all levels, we would be remiss in overlooking the general changes which have taken place in the matter of decoration. Color harmony is put to good use. We have soft-toned walls, venetian blinds, bright patterned drapes, and a splash of color here and there in furniture upholstery. We see a lavish use of wood paneling, in the lighter and livelier tones, and the adaptation of glass and light metals to replace stone and heavy metalwork. We have rugs and carpeting in such unaccustomed places as the main lobby floor. Maybe we are getting to look less and less like a bank, but the better public attitude expressed in bigger business volume suggests—that's good!

RFC Agency Secondary GI Mortgage Market

The Federal National Mortgage Association, an RFC subsidiary, has established a secondary market for the purchase of GI real estate mortgages on homes and farms, which are guaranteed under Sections 501, 502 or 505(a) of the Servicemen's Readjustment Act of 1944, as amended.

The association will purchase only mortgages which have been guaranteed subsequent to April 30, 1948, and which otherwise meet the requirements of Public Law 864, as amended by Title II of the Housing Act of 1948. These requirements with respect to VA-guaranteed mortgages which may be offered for sale to the association are the same as those prescribed for the purchase of FHA-insured mortgages.

All mortgages, unless the security therefor is farm realty, must provide for repayment by equal monthly installments. In the case of a mortgage covering farm realty, the installments must be payable at least annually. Each mortgage will bear interest at a rate of not less than 4 percent per annum and must mature within 25 years.

The Association will not purchase a second mortgage guaranteed under Section 505(a) unless the FHA-insured first mortgage on the same property is also offered for purchase, or is owned by the Association.

Mortgages guaranteed under Sections 501 and 502 of the Act cover homes and farms, respectively. A mortgage loan made pursuant to Section 505(a) represents a second mortgage on a home, which is also covered by a first mortgage insured by FHA.

Eligible mortgages may be tendered for purchase to Agents of the Association located in the 31 regional offices of RFC.

FDIC Reports

EXTRME caution in making bank loans, and maintenance of adequate bank capital were urged by Maple T. Harl, FDIC chairman, in releasing the Corporation's annual report covering the calendar year 1947.

The report not only recapitulates the operations of FDIC from its inception to the end of 1947, but also presents comprehensive statistics on banks and bank operations.

Special mention is made in the report of the way banks have written off losses and established reserves. "The extent to which the policy has been followed," he says, is shown by 1947 examinations where "examiners found less than one-half of one percent of assets of insured commercial banks were below the standards set for bank investments."

Service Charges

(CONTINUED FROM PAGE 38)

therein, the greater will be the cash reserves required for it.

Using the average balance does not give a true picture of the earnings of any account, large or small. An actual account may illustrate this. This account had a high balance of \$498.24 for three days, it was overdrawn for six days, and had balances of less than the \$200 "average" balance for 17 days. If any banker could invest \$200 from that account for that month he should be voted a financial wizard.

Very frequently the same banks which use the average balances in computing the credits on the demand accounts, use the low quarterly or semi-annual balances in computing the credits on the savings accounts. The absolute inconsistency of basing the earning credits on the low balances of the savings accounts, while basing it on the average balances of the demand accounts, should be perfectly obvious to any banker. It is indefensible from any angle.

The statement is sometimes made in support of the average balance method that these average balances are needed for the lending officers. In reality, however, the lending officers have much better information if they are supplied with the high and low balances for each month. The high and low balances give a much better picture of the commercial accounts of borrowing customers than do the average balances. And the work involved in obtaining them is much less.

Actually the maintenance costs of checking accounts are more theoretical than real. And in many cases, even those theoretical costs are considerably overstated. The operating costs of a checking department of a bank are due to the activity of the department and not to the dormant accounts.

The same overstatement of costs is often applied to the deposit tickets. Frequently a considerable portion of the costs of the proof department have been charged to the deposit tickets on the theory that the proof department is proving the deposit tickets. Sometimes this erroneous theory has resulted in showing deposit ticket costs at 15 cents and more.

A little thought will show that the proof department is not proving the deposit tickets at all. It is proving the items on the deposit tickets. If there was only one item on each deposit ticket there would be no need for a proof department. The cost of the proof

department, therefore, properly belongs to the items, the deposit ticket being merely one item among many.

In reality the deposit ticket, with the listing of each check separately thereon, is made solely for the benefit of the bank and not for the depositors. All the depositors require, and all they receive in the great majority of cases, is a receipt for the total. In special cases where more is asked for, special arrangements can be made. Depositors as a class still look upon the deposit ticket charge as being a charge for bringing their money to the bank. The cost of deposit tickets properly belongs in the overhead costs and as such should be apportioned to the services rendered as collecting agent.

A charge for currency deposited based on the amount of the currency is indefensible on any basis of facts. By no stretch of imagination can it be said that depositing 10 \$100 bills is the same as 1,000 \$1 bills, or that wrapped and guaranteed coin is the same as loose coin. The only accurate way of charging for large currency requirements is one based on the tellers' time. This applies equally to the preparation of payrolls and large currency deposits.

Any direct charge for accepting stop payment orders may well make the banks assume a legal responsibility from which their stop payment forms, signed by the depositor, attempt to absolve them. A request for a stop payment on a check may be perfectly legitimate, but stop payments become a nuisance because so many depositors fail to notify the bank when the items have been cleared.

Another inconsistency in checking department charges which is followed by many banks is the practice of charging for N.S.F. checks returned, but making no charge for the short checks which it pays. Banks following this practice are putting two penalties on those depositors whose checks they return. They are humiliating them as well as charging them, whereas they are putting no penalties on those depositors whose N.S.F. checks they pay.

All these inconsistencies tend to create unfavorable depositor reaction. A uniformity of method is desirable from both bank and depositor viewpoints. It would eliminate the confusion among depositors which exists under the many different methods now in use.

However, there can be no hope for a uniformity of method of analyzing checking accounts until bankers forget some of the theoretical errors of past decades and get down to the brass tacks of actual practice.

Internal Losses

(CONTINUED FROM PAGE 39)

period and totaled \$72,350. Had the directors made it a part of their annual examination to verify all loans and collateral securities by direct correspondence with borrowers, this shortage would have been caught sooner.

Do the directors' examinations include verification of safekeeping securities by direct correspondence with customers?

A teller stole customer's securities held for safekeeping for which serially numbered receipts had been issued. He concealed his thefts by removing duplicate receipts. No attempt was made during the examination of the bank by the directors to check the sequence of the numbered receipts; nor was it the practice to verify safekeeping securities with customers. Observance of the latter practice would have required checking of the sequence of numbered receipts in order to account for all receipts before attempting verification.

Is each officer and employee required to take a vacation annually?

A secretary-treasurer stole \$111,198 over an eight-year period. His constant presence in the bank was necessary to the successful concealment of this shortage. He never took a vacation although he had a serious heart ailment. His death caused discovery of the loss.

Will the directors and inactive officers assist in checking employees by reviewing and checking the loan portfolio?

The cashier of a small bank created a loss of \$51,690 through unauthorized loans over a three-year period. He did not secure approval of his board of directors and kept from them any knowledge of the loans. Criticism by the national bank examiners was also concealed from the directors. Had they made it a practice to review the loans periodically, the unauthorized notes would have been found.

The above questions may be augmented by obtaining questionnaires from surety companies or from insurance and protective committees of your banking organizations. Case histories of defalcations are being circulated by a number of such organizations. Among all the sources interested in spreading information of this sort, the banker can be well versed in how losses are created without going through the painful experience of sustaining them himself.

Losses do continue to occur and the prudent banker will study the losses of others and maintain necessary safeguards to minimize if not to prevent loss, knowing that it is a matter which calls for "eternal vigilance."

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Small Bank's Costs

(CONTINUED FROM PAGE 47)

volved. The cards are captioned according to the department to which the expense is to be allocated and subtitled by the name of the expense. For instance, the total of the telephone bill is split up and each department is charged with its share of that bill in proportion to the use of the telephone service by the department. The 3 x 5 index cards, prepared at the time the telephone bill is paid, will be captioned as follows: "Investment Department—Loans and Discounts," with the subtitle "Telephone Expense." There will probably be a telephone expense card for each department, and the amounts posted to these cards will total the amount of the current telephone bill. The cards are filed in a file box back of indexes of the various departments and sub-indexes of the various types of expense. Thus we have, in the file box, an index for each department, followed immediately by sub-indexes for "salary expense" and the various "operational expenses," such as telephone expense. The cards are prepared each day by the general ledger bookkeeper and are run on an adding machine to make sure that the total agrees with the total of expenditures for that day. With such a file it is comparatively easy, at the end of the accounting period—which may be one month, three months, six months or a year—to run these cards on an adding machine, thus obtaining the totals of various expense items for each department. From these adding machine runs, the totals are posted to the expense and income distribution sheets in the ring binder.

It is very simple to use a numerical system of indexing of these expense allocation cards rather than to use written captions. For instance, the building expense department can be designated as number 01, the investment department as 20, the loan division of the investment department as 21, the bond division as 22, and other departments in a similar fashion. The various expense items are designated with numbers in series of three digits. For instance, telephone, 010; stationery, 012; etc. The index cards are then marked by these numerical symbols. To illustrate: telephone expense for the building department would be captioned on the top of the card as 01-010 and telephone expense for the loan department would be 21-010. Any other system of numerical, or alphabetical, symbols can be used.



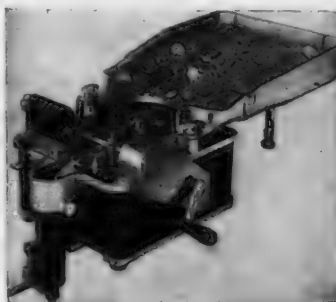
Here's FAST Transit Service Seven Days a Week!

With the post office just across the street, mail pick-ups every 30 minutes plus night, Saturday and Sunday transit operations, Mercantile-Commerce service is truly fast. Your items are quickly sped to their destinations by rail and air *every day* in the week.

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Including federal tax

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HEARD ALONG MAIN STREET



Nothing to Do Till Tomorrow

THE Main Street news-gathering expedition starts this month at Plymouth, Massachusetts. In that venerable village is the Plymouth Savings Bank (incorporated 1828). In the bank you'll find Treasurer ALLEN D. RUSSELL—unless he happens to be on a mortgage inspection trip or presiding at a meeting of the Town Planning Board.

Mr. RUSSELL appears on Main Street because of a letter he recently sent to the American Bankers Association's Committee on Savings Management and Operations in the course of a correspondence on cost analysis. His comment included so interesting a résumé of the small town banker's hustle and bustle that, with his permission, we're passing it along.

"We have four employees," he wrote (on a letterhead that appropriately displays the canopy over The Rock). "I am the treasurer, and I will throw in for nothing the fact that my father was treasurer here, my grandfather was treasurer here, and my great-grandfather was treasurer here. Arthur G. Estes, Jr., is assistant treasurer, Irving E. Clark is teller, and Mrs. Brown is stenographer.

"Despite this neat ability to label each person, everybody here does everything. That is, everything so far as the inside work goes. Of course the duties of investing, approving mortgages, etc., which are assigned to the board of investment, are done by that board, of which the treasurer is a member.

"But so far as anything below that level goes, we all take a hand, from stamping 'August 1948' on the ledger cards to posting, balancing the cash, making up the daily statement, reconciling check books, etc. . . .

"In short, with four employees all

must be ready to tackle anything in the bank. They must not only be ready, but they actually do move back and forth from job to job all day long, and there is no way in which their wages may be divided between this and that.

"I would suppose that my salary might be charged to investment costs on the theory (Mr. Roosevelt's) that I am not a laborer. Yet so far today I have written letters to four or five delinquents (investment), taken in \$70 in school savings (non-investment), handled about eight deposits and half a dozen withdrawals (not investment), got into an hour's discussion with a church treasurer who has inherited a set of very bad books (not chargeable to either), started this letter (not chargeable to either), had my dinner, and enjoyed a five-minute discussion on the Red Sox and the Yankees.

"At 3 P.M. I will help count the cash and prove out the day's work, take a partial release to our attorney, and then, after hours chase up a couple of mortgage applications with one of my board who is also on the Town Planning Board of which I am chairman. While out, I'll do a little research on the new by-pass that's being built. After supper I will be back up here to clean up any odds and ends.

"That is a *usual* day for me and for the others. (Oh yes—I must also keep my eye on the dredger in front of the town.)"

Mr. RUSSELL went on to tell of the



L. F. Whittemore



T. M. Dines

work incident to periodic dividend "casting," which, like the other chores around the bank, is subject to sundry interruptions. We won't go into details. We don't need to; every country banker who reads this has probably nodded several agreements with Mr. RUSSELL's inventory of his day.

The next time someone cracks that joke about "bankers' hours" refer him to the Plymouth Savings Bank. Or tell him your own story!

Back to Railroading

A 54-YEAR-OLD New England banker and industrialist has returned to the business at which he is a veteran—railroading.

LAURENCE F. WHITTEMORE, recently elected president of the New York, New Haven & Hartford Railroad, has held the presidency of the Federal Reserve Bank of Boston since 1946. He said he planned to remain with the bank in an advisory capacity until his successor was chosen.

Mr. WHITTEMORE spent 22 years with the Boston & Maine Railroad, starting as a messenger at \$9.61 a week. For 13 of those years he was assistant to the president. In World War I he was a captain of infantry. A native of Pembroke, New Hampshire, he has served as a tax commissioner of that state and has been general manager of a lumber company in Manchester.

As president of the New Haven, Mr. WHITTEMORE succeeds Frederick C. Dumaine, chairman of the board, who replaced Howard S. Palmer when the latter retired from the presidency at the annual meeting of the road last August.

Dines Succeeds Ferguson

THOMAS M. DINES, vice-president of the United States National Bank of Denver since 1943, succeeds J. HOWARD (CONTINUED ON PAGE 100)

A Bank Is Known...

... by its willingness to take care of its

customers' requirements. Your inquiry

on any phase of correspondent banking

is cordially invited.



CENTRAL HANOVER
BANK AND TRUST COMPANY
NEW YORK

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 98)

FERGUSON as president. Mr. FERGUSON recently resigned to become vice-president of the Republic National Bank of Dallas.

LESTER W. HALL has been named executive Vice-president of the Denver institution and RAYMOND C. ERICKSON was made an assistant vice-president. THOMAS A. DINES, father of the new president, remains as chairman of the board.

President DINES, a graduate of Williams College, holds a degree from the Harvard School of Business Administration. A member of the bank's staff since 1935, he was in the Navy for



L. W. Hall



R. C. Wilson

more than three years during the war. He is chairman of the board of the Livingston (Montana) State Bank.

Mr. HALL, a former national bank examiner, joined the U. S. National in 1937 and in 1946 was made a vice-president. He served with the Navy for three years. At present he is chairman

of the Savings Bond Committee of the Colorado Bankers Association.

Recent staff changes at the First Security Bank of Utah, National Association, include the election of RAY C. WILSON of Salt Lake City as senior vice-president and member of the advisory board. Mr. WILSON was a vice-president of the First National Bank of Salt Lake City when it was consolidated with First Security last May. He has been president, vice-president and a director of the National Association of Credit Men and also president of the Intermountain Association of Credit Men.

Banker Decorated

VERRILL G. PARKS of the Federal Reserve Bank of Cleveland has received a citation for the Navy Cross in recognition of his heroism against Japanese forces in World War II. It reads:

"For extraordinary heroism while serving as a squad leader of Company C, First Battalion, 22nd Marines (Reinforced), Fifth Amphibious Corps, in action against enemy Japanese forces on Parry Island, Eniwetok Atoll, Marshall Islands, during World War II.

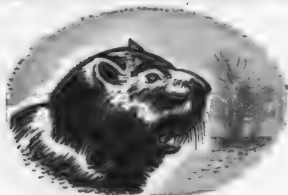
"While gallantly leading his men in the face of heavy enemy mortar and machine gun fire, Corporal Parks on 22 February 1944, suffered a severe wound which left him speechless.

"Refusing to be evacuated after receiving first aid, he acted on his own initiative to make his way over perilous terrain and, on locating the Landing Team Command Post and the officer in charge, wrote down in detail his knowledge of the existing tactical situation, despite his own pain and the constant danger from Japanese mortars.

"His courage, fortitude and unyielding devotion to duty throughout this hazardous, self-imposed mission reflect the highest credit upon Corporal PARKS and the United States Naval Service."

Wiggins a Banker Again

A. LEE M. WIGGINS, former Under Secretary of the Treasury and ex-president of the American Bankers Association, is back in the banking business. He has been elected chairman of the board of The Bank of Hartsville, Hartsville, South Carolina. It was announced in last month's BANKING that Mr. WIGGINS was elected chairman of the Atlantic Coast Line and the Louisville & Nashville railroads.



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Boston Merger

MERGER of two old Boston banks, the National Rockland and the Webster & Atlas National, had been approved by the two directorates as this issue of BANKING went to press. The consolidation plan was ready for submission to the stockholders and to the Comptroller of the Currency.

The merged institution is to be called the Rockland-Atlas National Bank of Boston. H. FREDERICK HAGEMANN, JR., president of the National Rockland, will be president and executive head of the consolidated bank, if the plan is approved, and EDWARD MOTLEY, president of the Webster & Atlas, will become chairman. ROGER AMORY, now chairman of National Rockland, will be made honorary chairman of the consolidated bank, which will have resources of nearly \$100 million.

Mr. HAGEMANN is chairman of the Treasury Savings Bonds Committee of the American Bankers Association. He was recently elected a director of the Boston Chamber of Commerce.

In the *Saturday Evening Post* for September 18 was a story about the Riggs National Bank of Washington, D. C. It featured some of the eminent customers the bank has served. Abraham Lincoln was one of them.

The County Trust Company, which has 18 offices in Westchester County, New York, has appointed CHARLES A. BRIGGS II as vice-president and trust officer. He was formerly associated with Fiduciary Counsel, Inc.

KEITH G. CONE, formerly vice-president of the Industrial National Bank of Detroit, is now a vice-president of the LaSalle National Bank, Chicago, in charge of the personal credit department. During the war Mr. CONE was director of the Cinchona section of the Foreign Economic Administration in Washington. Active in the American Institute of Banking, he is a former president of Detroit Chapter and has served on A.I.B. national committees. He was on the staff of the Industrial National for 22 years.



K. G. Cone



C. A. Briggs

S. A. Phillips Honored

SALBERT PHILLIPS, vice-president of the First National Bank of Louisville and a former treasurer of the American Bankers Association, was honor guest at the 1948 Laurel County (Kentucky) Homecoming late in August. Mr. PHILLIPS received a gold loving cup for distinguished service rendered by a native son.

Thousands gathered in a natural amphitheater at London, the county seat, where the three-day program was held. London is on the Old Wilderness Road over which Daniel Boone in 1790

led settlers from the East into the Kentucky country through Cumberland Gap.

Mr. PHILLIPS is a veteran of World War I with 17 months' service in France. Through World War II he was Kentucky War Bond chairman.

Before joining First National of Louisville, where he has been head of the bank relations department for 20 years, he was deputy banking commissioner of the state. He received his early banking training in Stanford, Corbin, Lancaster and Lexington, Kentucky.

He is active in civic and fraternal

TIME . . . Not Miles
Is the True Measure of Distance

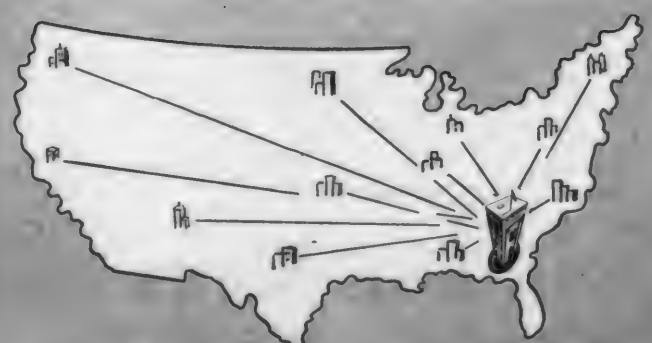
Commerce shortens distance by shortening the time required to handle your transit items. Complete day and night transit units eliminate any possible delay by immediately dispatching items direct to towns and cities throughout the U. S.—saving from one to three days on a great many of them.

More direct sending points than any other bank in the U. S. Private wire system to all principal financial centers. This service of unsurpassed swiftness and efficiency awaits you.

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affairs, being a thirty-second degree Mason and treasurer of the Kentucky Grand Lodge.

LAURENCE M. BROOM has been transferred from the bond department to the correspondent bank department of the Northwestern National Bank, Minneapolis. He has been with the bank since 1926 when he began as a messenger. In his new position he will be the Northwestern's representative to North Dakota.

High Street Bank & Trust Company of Providence, Rhode Island, has elected LOVETT C. RAY, formerly vice-president to the presidency, succeeding VICTOR H. FRAZIER, who retired be-



L. M. Broom



L. C. Ray

cause of ill health. Mr. RAY has been with the bank since 1923.

The John Warner Bank of Clinton, Illinois, recently celebrated its 81st birthday and the opening of new quarters by publishing a booklet of local reminiscences. President JOHN Q.

LEWIS, 91, known as the dean of American bankers, joined the staff soon after his 18th birthday in 1875. One of his earliest recollections is Abraham Lincoln's presence in his parents' home as a dinner guest (BANKING, December 1947).

JOHN S. HARTWELL and DARWIN A. HOLWAY are new assistant vice-presidents of California Bank, Los Angeles.

BEN H. BRISCOE, formerly cashier of the Mississippi Southern Bank, Port Gibson, Mississippi, has been made vice-president and cashier.

RALPH S. RICHARDS, associated with the Rhode Island Hospital Trust Company for more than 44 years, has retired. He was a vice-president of the company and of the Rhode Island Hospital National Bank.

RALPH F. BAGWELL, former state director of the Treasury's U. S. Savings Bond Division for Florida, has joined the staff of The Bank of Virginia, Richmond, as director of savings.

A summer issue of the *Cincinnati Enquirer's* Sunday pictorial magazine contained an illustrated story about the operations of the Cincinnati branch of the Federal Reserve Bank of Cleveland. The author was Frank Ruhl, Jr., the newspaper's business editor.

F. J. BOULTON has been made auditor of California Trust Company, Los Angeles. Before joining the bank's staff in 1946 he was a tax accountant with the Irving Trust Company of New York.

LLOYD B. HATCHER, vice-president of the Trust Company of Georgia, has been placed in charge of the investment department to succeed J. W. MEANS, now a partner in an Atlanta investment banking firm.

The Philadelphia National Bank has appointed ADDISON O. WOOD to an assistant vice-presidency. For the past two years he has been in business in Baltimore.



A. O. Wood



L. B. Hatcher

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● As a correspondent of this bank you can call upon us for many services to your customers. For them at your request we will:

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C. E. Thwaite



E. S. Northrup

EUGENE S. NORTHROP is a new vice-president of the Manufacturers Trust Company of New York. He was formerly an assistant vice-president.

CHARLES E. THWAITE, JR., vice-president of Trust Company of Georgia Associates and the Trust Company of Georgia, Atlanta, has been elected president of The Fourth National Bank at Columbus, Georgia. GEORGE P. SWIFT, Columbus industrialist, has been made chairman of the board. Mr. THWAITE, who succeeds R. C. DUNLAP, JR., has served as a director of the Fourth as well as of other members of the Associates group. Mr. DUNLAP, president since 1944, resigned to become associated with his family's business in Macon.

J. LEONARD SMITH has been made cashier of the National City Bank of Dallas. He was formerly comptroller.

RAY A. ILC, vice-president of the National Shawmut Bank of Boston, was one of several business men who recently flew to Cuba as guests of the Navy to participate in the training exercises of the Aircraft Carrier Franklin D. Roosevelt. The trip was arranged by the Navy's Office of Public Relations.

WILLIAM C. CONNETT, executive vice-president of the First National Bank, St. Louis, is one of the Missouri members of the Missouri-Illinois Commission to plan development of the St. Louis metropolitan area.

The Quarter Century Club of the Guaranty Trust Company of New York recently admitted its 1,000th member, CREIGHTON D. LUMMIS of the comptroller's department.

GEORGE P. SCOTT has been elected mortgage officer of the Ridgewood Savings Bank, Queens, New York.

The Southwestern Regional Conference of the American Institute of Banking was held this Summer in Oklahoma City. Chapter officers and leaders in Texas, New Mexico and Oklahoma attended.

Dr. PAUL W. McCracken, director of research at the Federal Reserve Bank of Minneapolis for the past three years, has resigned to become associate professor of business conditions at the University of Michigan. Dr. J. MARVIN PETERSON, head of the economics department at Miami University, Oxford, Ohio, succeeds him on the bank's staff.

The Chamber of Commerce of the United States has reappointed DUNLAP C. CLARK, president of Central Bank of Oakland, California, to the chairmanship of its Committee on National Defense.

D. JAMES PRITCHARD, vice-president of The Society for Savings, Cleveland, and a member of the American Bankers Association's Public Relations Council, was recently elected a trustee of the Cleveland Advertising Club.

R. C. BAILIE, JR., vice-president of the Trust Company of Georgia, has received a medal in recognition for his work on behalf of the Order of DeMolay. Mr. BAILIE, a member of the order's executive committee, is active in Masonry. He has held several high offices in the Scottish Rite and is a 33rd degree Mason.

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to provide their Chicago accounts with complete banking service, in a prompt, efficient manner. Our facilities are at your disposal.

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208 SOUTH LA SALLE STREET

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Securing sound counsel about America's fastest growing cities, and the opportunities therein, is not the easiest problem that confronts a banker. But he may have confidence in the fact that over 57 years in this community, serving every type of business and industry, has privileged this bank to provide its correspondents with up to date information on request.

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*British & Foreign Department
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SERVICE
Maintaining an intimate, personalized correspondent service.

EXPERIENCE
Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

POLICY
To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

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Do Your Directors Read BANKING?



Syracuse, New York, banks helped the city celebrate its centennial last Summer. Above, staff members of The Merchants National Bank & Trust Company, dressed in colonial costumes on "Pioneer Day"

A. L. WILSON, JR., who has been vice-president of the Oklahoma National Bank of Oklahoma City, became president of the Trinity State Bank of Fort Worth, Texas, on September 1. He was with the Oklahoma City bank for 19 years.

The Sussex & Merchants National Bank of Newton, New Jersey, observed its 130th anniversary on August 17. Organized in 1818 as the Sussex Bank, it joined the national banking system in 1865 and in 1925 merged with the Merchants National.

JOHN M. CARNAHAN, JR., has been appointed trust officer of the Alton (Illinois) Banking & Trust Company.

The National City Bank of New York has published in booklet form excerpts from the writings of the late GEORGE E. ROBERTS, its economic adviser. The excerpts are taken from the bank's *Monthly Letter*, edited by Mr. ROBERTS.

Miss LILLIAN HAGE, assistant cashier of Bank of America's Wilshire-Western branch in Los Angeles, has completed 25 years of service with the bank. A. J. GOCK, chairman of the board, presented her with a diamond-studded ring, emblem of the bank's Quarter Century Club. Miss HAGE has held numerous offices in the Association of Bank Women and is former chairman of the Women's Committee of Los Angeles Chapter, American Institute of Banking.

A. H. NICOLL, president of Graybar Electric Company, Inc., has been elected a trustee of the Union Dime Savings Bank, New York City.

Miss MARJEAN MOORE, on the staff of the A.B.A. Agricultural Commission, is a member of the Robert Shaw Chorale which gave a series of Sunday evening broadcasts during the past Summer over the N.B.C. network. The chorus is making an extensive concert tour this Fall, and Miss MOORE, a soprano, has been granted a leave of absence for the trip.

J. L. C.

THE TEXAS COMPANY



184th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 75¢ per share or three per cent (3%) on par value of the shares of The Texas Company has been declared this day, payable on October 1, 1948, to stockholders of record as shown by the books of the company at the close of business on September 3, 1948. The stock transfer books will remain open.

L. H. LINDEMAN

August 6, 1948

Treasurer

For **Comfort
Courtesy
Convenience**

in ST. LOUIS ...

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Mayfair
8th & St. Charles
DOWNTOWN ST. LOUIS AT YOUR DOORSTEP

Radio in every room at no extra charge
Rooms from \$3.50. Garage Service

Write for handy rate folder CA

Use the



in Chicago

AS YOUR BANK

You are cordially invited to use The First National Bank of Chicago as your correspondent. To serve you, and to insure prompt attention in all correspondent bank relationships, there is an experienced group of officers which devotes its entire time to this work.

EDWARD E. BROWN, Chairman

JAMES B. FORGAN
Vice-Chairman

BENTLEY G. MCCLOUD
President

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THOMAS J. NUGENT	Vice-President
HAROLD W. LEWIS	Vice-President
MELVIN H. THIES	Asst. Vice-President
VERNE L. BARTLING	Asst. Vice-President
CHARLES F. NEWHALL	Assistant Cashier
EDWARD DECKER	Assistant Cashier
VICTOR C. VON MEDING	Assistant Cashier

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Methods and Ideas

Contacts with Stockholders

ONE of BANKING's good friends, Dale Brown, assistant vice-president of THE NATIONAL CITY BANK OF CLEVELAND, suggested that it might be interesting to learn what some of the larger banks were doing to maintain contacts with their stockholders.

"Most large banks," he said, "have infrequent contacts with their stockholders—once when the annual report is mailed, and again during the year when the dividend checks are distributed. Accordingly, about 10 years ago we adopted the policy of transmitting our quarterly dividend checks with some sort of a message generally having to do with our services.

"Within the last year or two we have sent with our third quarterly dividend, August 1, a brief résumé of our earnings for the first half of the year. This really gives us a diminutive annual report in mid-year."

Mr. Brown enclosed samples of the promotional messages that accompany his bank's dividend checks. One of them is illustrated at the right below.

Questions put to a number of other larger banks throughout the country disclosed a variety of similar material. MERCANTILE-COMMERCE BANK AND TRUST COMPANY, St. Louis, for example, sends with each payment a blotter imprinted on the face with a message calling attention to the bank's services and facilities. (See illustration.)

BANKERS TRUST COMPANY of New York recently adopted the practice of mailing the quarterly statement with the check. In the past it has used as inserts promotional messages like the one at the right, and others calling attention to newsworthy happenings. Early this year the bank's shareholders received an attractively printed folder, "A Dividend, an Invitation, a Request." Inside, the reader found his dividend check. The "invitation" reminded him of the annual stockholders' meeting, and the "request" was to sign the previously mailed proxy, if he had not already done so. On another occasion a folder presented percentage figures on the number of proxies returned over the previous four years. The figures showed a successive increase, and the bank took this opportunity to thank the stockholders for their cooperation.

THE CLEVELAND TRUST COMPANY, believing that no opportunity should be overlooked for promoting the services

of the bank, put this enclosure in a recent dividend mailing: "A Good Idea for Stockholders: Never miss a chance to say something good about your bank and its services. You benefit also when you give us *all your banking, loan and trust business.*"

The FORT WORTH NATIONAL BANK sends to each shareholder a copy of its

monthly publication, *The Fort Worth National Banker*. From time to time this periodical prints editorials and articles slanted at the bank's owners. With this material the bank endeavors to stimulate them not only to place their business with it but to obtain new business from other sources. Promotional work in quarterly letters accompanying the

Three Dividend Check Enclosures



PROGRESS, PROFITS and... DIVIDENDS!

Dividends depend on progress and profits. Progress and additional profits are made in the day-by-day extension of Bankers Trust Company service to individuals, corporations, and banks not currently served by us. We count confidently on your recommendations of this bank's various and complete services among your business and personal associates...

Bankers Trust Company of New York sent the above message to stockholders with a dividend check. Below, a blotter similarly distributed by a St. Louis bank

It is our pleasure to enclose your dividend check payable July 1, 1948

MODERN BANKING FACILITIES

A constantly growing volume of business has made it necessary for Mercantile-Commerce to expand its physical facilities. We have just opened our new Seventh Street building, which practically doubles our space.

Our banking quarters now consist of two buildings, comprising a total of twelve floors. Our main building on Eighth Street has five floors, two being below street level, and the new adjoining Seventh Street building has seven floors. The buildings are now accessible from four streets—Locust, Eighth, St. Charles, and Seventh.

These modernized quarters are equipped with air conditioning and fluorescent lighting. We are continuing to extend mechanization to additional operations and are constantly working on improvements in our techniques. These improved facilities make it possible to render more efficient, rapid and accurate service.



A National City Bank of Cleveland dividend enclosure included the information below

ONE OF THE PRIMARY FUNCTIONS OF A BANK IS THE "SALE" OF CREDIT IN THE FORM OF LOANS

YOUR BANK MAKES MANY TYPES OF LOANS AS FOLLOWS:

COMMERCIAL LOANS To corporations, partnerships and individuals.	SMALL BUSINESS LOANS for working capital and other purposes.
COLLATERAL LOANS Secured by acceptable listed stocks, bonds and cash surrender value of life insurance.	PERSONAL LOANS and Equipment Loans. Monthly repayments.
MORTGAGE LOANS Both regular and Federal Housing Administration on acceptable residential properties. Escrow service.	AUTOMOBILE LOANS On used cars and for new car purchase, no endorser, monthly repayments.
G. I. LOANS to servicemen: mortgage, business, and farm loans.	DISCOUNTS Purchase of notes, drafts, bills of exchange and investment obligations.

orth
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harry gill

Have you heard
what they're saying
in your office?

"I want a new
typewriter!"



"We want
new Royals!"

Why the preference for Royal is better than 2 to 1!

SURVEYS SHOW that girls who type prefer Royals 2¼ to 1 over any other make of standard office typewriter.

Even more—the preference for Royal equals the preference for the next three most popular standard office typewriters combined!

Why this overwhelming preference for one typewriter?

Because Royals have time-saving, work-saving

features not found on any other typewriter.

And because Royals are durable and sturdy—take less time out for repairs.

So give the girls in your office the typewriter they prefer using. They'll do more work, better work. With Royal, you'll get the maximum return for your typewriter investment!

ROYAL



World's No. 1 Typewriter

Made by the world's largest manufacturer of typewriters



(CONTINUED FROM PAGE 106)

dividends is also planned.

Several years ago THE NATIONAL SHAWMUT BANK of Boston conducted a trust department campaign through the medium of dividend check enclosures. Here's one of the messages: "You own part of this bank. As it prospers, you prosper. You share in what it accomplishes, but its rate of accomplishment can be very definitely increased by the cooperation of all stockholders. . . . The bank counts on you to help increase its patronage. Increased patronage for the trust department is one of our immediate objectives, and the

stockholders can be of very definite service to the bank by utilizing trust service themselves, and by recommending it to their friends and acquaintances."

MARINE BANCORPORATION, majority stockholder of The National Bank of Commerce of Seattle, reports pertinent data about the bank to the stockholders and adds to its quarterly note a paragraph or two along this line: "Your particular attention is directed to the facilities of our trust department. It is important to plan for the protection of your estate and the future welfare of your family. If you are not one of the many stockholders who have already done so we suggest you avail yourself of

the assistance offered by trained specialists in our trust department in preparing your estate protection plan."

Bank Ads Fight Communism

The COLUMBIA HEIGHTS (Minnesota) STATE BANK has been publishing advertisements pointing out to readers of local newspapers the advantages of free enterprise over communism.

Written by Executive Vice-president Herbert S. Woodward, the ads received wide attention. The bank hopes, Mr. Woodward tells BANKING, that others will take up the idea.

"For 16 years," he says, "The Communists and the New Dealers have been actively selling the American people on government ownership and Communism. It is time businessmen started selling them on the American system of free enterprise. Our view is that if we don't do so there will soon be no business."

Each ad carried a display headline under which was printed comment and facts directed to the American citizen and worker. Here's a sample:

No. 4 of a series on communism by Herb Woodward, V. P.

The Competitive System

Under American Freedom Gives Us - -

75% OF THE WORLD'S AUTOS.
84% OF ITS BATHROOMS AND
FURNACES AND 64% OF ITS
TELEPHONES.

OUR POPULATION OF 58 MILLION HAS 34% OF THE WORLD'S PRODUCTION.
39 YEARS OF COMMUNISM IN THE WORLD'S LARGEST AND RICHEST COUNTRY HAS GIVEN RUSSIA LESS THAN 2% OF THE AUTOS, BATHROOMS, FURNACES AND PHONES. COMMUNISM, MEANING GOVERNMENT OWNERSHIP, BRINGS INEFFICIENCY.
RUSSIA EVEN HAS TO IMPORT FOOD. HER BEST MACHINES ARE NEARLY ALL IMPORTED FROM AMERICA OR COPIED FROM OURS.
Next week we will compare Russian and American wages.

COLUMBIA HEIGHTS STATE BANK

HOME TOWN PRIVATE ENTERPRISE OWNS THIS BANK. WE WANT YOUR BUSINESS.

"Enterprise Unlimited"

The UNITED STATES NATIONAL BANK of Denver is devoting its entire radio budget and approximately half of its newspaper budget for the next few months to a series of weekly 15-minute radio programs dedicated to publicizing the American free enterprise system.

Written by Lewis Thomas of Station KLZ and narrated by Richard Woellhaf, assistant professor of speech at the University of Denver, the programs are a factual, documented series dealing largely with regional examples of opportunities that are made possible by the

Since You Have to Cancel Checks Every Day . . .

Why Not The AMERICAN WAY

With the NEW
Electric
Model "400"



THE AUTOMATIC Portable Model "400" Perforator is the real way to cancel checks today . . . and every day.

See our display at N.A.B.A.C. Convention in Atlanta, Ansley Hotel, October 10-13 • Booth 28

- Perforates with lightning speed. Instantaneous action.
- Fully automatic. No fatigue problem with the "400."
- Totally enclosed mechanism. Safe to operate.
- Amazingly powerful. For large and small banks alike.

Sales and Service in All Principal Cities

THE AMERICAN PERFORATOR COMPANY

ESTABLISHED 1910

625 W. JACKSON BOULEVARD, CHICAGO 6, ILLINOIS

Please send further details on your NEW ELECTRIC MODEL 400.

FIRM _____
INDIVIDUAL _____ TITLE _____
ADDRESS _____ STATE _____

LEADING MANUFACTURER OF PORTABLE ELECTRIC PERFORATORS OF ALL TYPES



Talking over plans for the weekly radio program, "Enterprise Unlimited" and the newspaper ad series sponsored by the U. S. National Bank of Denver: Left, Lewis Thomas, KLZ staff writer; standing, Richard Woellhaf, narrator of the series; and Thomas A. Dines, chairman of the bank

American way of life. They also compare that system with the "isms" of other countries. No commercials are used; there's just a mention that the program is sponsored by the bank, with an institutional message about the intimate relationship between American banking and American living.

The bank is actively promoting the series with postage meter slugs, lobby posters, a window display, articles in the monthly statement insert *U. S. Banknotes*, newspaper ads, and letters to the larger customers and the stockholders.

The campaign originated from an idea of T. A. Dines, chairman of the bank's board and president of the Colorado Bankers Association, who feels that more effort should be directed toward selling democracy.

An Ad That Sold

The LEONIA (New Jersey) BANK AND TRUST COMPANY recently published in the *Leonia Life* an advertisement headed: "British or American made, a Shrewd Yankee Finances His Car at the Leonia Bank." The copy said that British automobiles were being sold in the district, and pointed out that financing was available at the bank to the buyer of a British as well as an American car.

The newspaper's makeup man placed over the bank's ad the advertisement of a British made car inserted by a dealer in the adjoining community, Englewood.

A few days later the dealer telephoned the bank that he had sold three cars to persons who mentioned that the bank's copy had attracted their attention to his own smaller display. In each case the purchasers specified that the sale was to be financed through the bank, and the dealer reported that he expected to make more sales as a result

of this tie-in—which, by the way, was entirely a coincidence. Neither the bank nor its advertising agency planned it that way.

School for Tellers

Believing that tellers are its most important public relations people, the FOURTH NATIONAL BANK at Wichita, Kansas, conducts a 20-minute school every Tuesday morning to brief the tellers on courtesy and general information.

The school is the responsibility of E. L. Wulfmeyer, assistant cashier, who conducts the class or finds another offi-

cer to do it. Tellers are taught to know the depositors. At first they can know them only by reading their names on checks or passbooks. Eventually they know them at sight. This looks like a big job, for the bank has 24,593 accounts and 25 tellers.

Tellers are briefed on various kinds of information.

"It makes the customer feel better when the teller knows the answers," says Mr. Wulfmeyer.

Thousands Visit Bank Exhibit

A giant relief map of completed and projected sections of the Pennsylvania



the KNOW HOW

Whatever your Payment Coupon Book problem may be—get a practical answer from Allison.

With a background of 59 years experience, Allison KNOWS HOW to design Coupon Books that tie in with your set up—are low-cost in use—and secure prompt collections.

Samples of what we have done for others, together with complete information, will be sent upon request. Write to head office:

Indianapolis 6, Indiana.

"SINCE
1888"

MARSH & McLENNAN

INCORPORATED

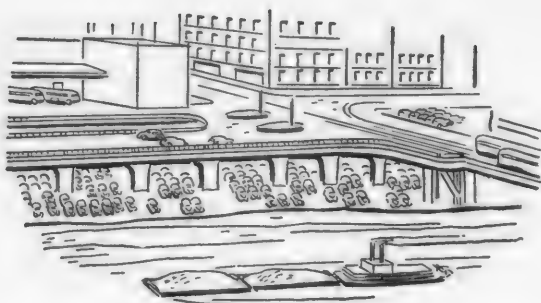
Insurance Brokers

ACTUARIES AND
AVERAGE ADJUSTERS

Chicago	New York	San Francisco	Detroit
Washington	Pittsburgh	Minneapolis	Boston
Buffalo	Cleveland	Columbus	Indianapolis
Superior	Duluth	St. Paul	St. Louis
Los Angeles	Phoenix	Seattle	Portland
Vancouver	Montreal	Havana	London



Philadelphians lined up to see the relief map in the lobby of the Fidelity-Philadelphia Trust Company



When you think of Pittsburgh, Think of Peoples First

In Pittsburgh, extensive modernization programs are under way. New roadways and express highways will speed traffic through and around town. Expanded parking facilities, under public ownership, will provide adequate, convenient parking. Coupled with its favorable location in relation to raw materials and markets, these improvements are helping to bring in new business and industry. Peoples First National is in an excellent position to keep its Correspondents advised on new opportunities, changes and developments in this rich area. Your inquiries are invited.

PEOPLES FIRST NATIONAL BANK & TRUST COMPANY

Pittsburgh 30, Pa.



MEMBER F.D.I.C.

Turnpike, displayed recently in the lobby of the FIDELITY-PHILADELPHIA TRUST COMPANY, attracted tens of thousands of visitors to the bank.

The map, constructed in realistic detail, shows the present stretch of the super-highway between Pittsburgh and Harrisburg, and the pending 100-mile link into the Philadelphia area.

The bank is corporate trustee for a new \$134 million bond issue that will finance the eastern extension of the roadway and permit the refinancing of outstanding bonds on the Pittsburgh-Harrisburg section.

Advertisements, newspaper stories and pictures, and large signs at the entrance to the Fidelity-Philadelphia publicized the exhibit.

Will Contest

The Atlanta Clearing House Association banks have resumed, after an interruption during the war years, their annual contest for the best wills written by students in six Georgia law schools. The papers are prepared on the basis of facts furnished by trust officers. Data include the usual problems presented in estate management, property and taxation. Each school competes for prizes of \$25 and \$15, the winners of the first awards being eligible for the grand prize of \$60.

Facts

The Boston Better Business Bureau, with the cooperation of the American Bankers Association, has again revised its booklet "Facts You Should Know About Commercial Banks and Trust Companies."

First issued in 1941, the pamphlet is published in the interest of consumer education—"to aid consumers in their everyday money management problems and relations with business." The text outlines briefly the commercial, savings and trust services of banks.

Bank Employee Chorus

The EON chorus, composed of employees of NORTHWESTERN NATIONAL BANK, Minneapolis, is taking a prominent part in the city's musical life.

Organized two years ago, the chorus has more than 50 voices. It makes numerous public appearances in and around Minneapolis, and for two successive years has taken second place in the choral contest at the Aquatennial, a summer spectacle held annually in the city.

Members of the bank chorus practice regularly throughout the year under the direction of Bruce Sielaff.



"Banking Yesterday and Today" was the theme of an exhibit arranged by the Franklin Square (N. Y.) National Bank as part of New York City's Golden Anniversary Industrial Fair at the Museum of Science and Industry in Rockefeller Center. Two realistic bank buildings were set up: one, an old bank equipped with antique furnishings; the other, a modern institution. In the picture the "Bank of Yesterday" is in the foreground, its modern counterpart at the right

ENVELOPES

Geared to the
Banking Business



BANKERS FLAP

...seals quickly and stays sealed. Protect bulky mail in these strong-shouldered, wide sealed, deeply gummed envelopes. Write for samples and prices.



TENSION ENVELOPE CORP.

New York 14, N. Y.
Minneapolis 1, Minn.
St. Louis 10, Mo.
Des Moines 14, Iowa
Kansas City 8, Mo.

Safeway Stores, Incorporated

Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on September 3, 1948 declared quarterly dividends on the Company's \$5 Par Value Common and 5% Preferred Stocks.

The dividend on the Common Stock is at the rate of 25c per share and is payable October 1, 1948 to stockholders of record at the close of business September 16, 1948.

The dividend on the 5% Preferred Stock is at the rate of \$1.25 per share and is payable October 1, 1948 to stockholders of record at the close of business September 16, 1948.

MILTON L. SELBY, Secretary.

September 3, 1948.

77th

consecutive dividend

A quarterly dividend of 65c a share, plus an extra dividend of 15c a share, has been declared on the common stock of this company, payable on October 1, 1948, to stockholders of record September 8, 1948.

(65c adopted as regular quarterly dividend August 26, 1948)

R. E. Horn, President • August 26, 1948

Abbott Laboratories

Manufacturing Pharmaceutical Chemists
North Chicago, Illinois

New Deposit Slip

A new type of deposit slip developed by an employee of DELAWARE TRUST COMPANY is being used in the bank's Wilmington office.

Instead of the hand-posted bank book entry, the depositor receives a machine-receipted duplicate of his original slip. William duPont, Jr., president of the bank, assents that the procedure will reduce by a third the time taken to make a deposit.

A description of the new system says it utilizes a traditional deposit slip backed up with three carbon copies, all of which are receipted with a machine stamp by the teller.

"The duplicate goes to the bank's proof department, the triplicate is used by the teller in proving his cash at the end of the day, and the quadruplicate is returned to the depositor as his official receipt. The advantages are the time saved the depositor who no longer has to wait while the teller makes out the equivalent of the duplicate and triplicate while making deposits, and the prompt rendering to the depositor of a receipt describing the complete transaction in his handwriting."

DELAWARE TRUST tested the system by processing 25,000 deposits on the new form. The depositors who have tried it like it, says Mr. duPont, "and it has had a distinctly accelerating effect on our internal operations."

Henry G. Willis, assistant treasurer of the bank, devised the slip and has copyrighted it. The method is made possible by a new high-speed non-smudge carbon coating process, and by a special automatic receipt-stamping machine.

The FIRST NATIONAL BANK OF BOSTON, which opened its first Brazilian branch at Rio de Janeiro early in 1947, recently established offices at São Paulo and Santos. All are under the direction of John G. Carriker, vice-president.

Hotel Book Cadillac



DETROIT • MICHIGAN

... offers you finger-tip control of the Motor City. You'll be centrally located for a business visit, while enjoying Detroit's largest and most distinctive hotel, with 1200 rooms.

In Good Taste—
Five Fine Dining Rooms
including the famous
"BOOK CASINO"

FAY M. THOMAS
Vice President and
General Manager



A.B.A. Replies to FCA Agent

(CONTINUED FROM PAGE 22)

which rates were in excess of the cost of the money to the U. S. Treasury.

He also called Mr. Kraschel's attention to the fact that when legislation was proposed last Spring to extend the life of the RFC and to provide it with \$350 million permanent capital and surplus, the A.B.A., through witnesses testifying before the Banking and Currency Committees of Congress, insisted that interest should be paid to the Treasury for the use of these funds.

Mr. Brown challenged Mr. Kraschel's statement that over a long period of time federal government deposits in commercial banks averaged more than \$18 billion. "In only two war years, 1944 and 1945, did these deposits exceed \$18 billion," he said, "and they were rapidly reduced after the war.

"War Loan deposit accounts carried in banks by the Treasury do not represent money which the Treasury deposits in the banks," he said. "Instead, the accounts represent funds transferred from deposits of individuals and businesses which are due the Treasury in payment for new securities or for withholding taxes. The War Loan deposit account was established during World War I and has been continued ever since for the convenience of the Treasury and the Federal Reserve banks, in order to avoid dislocations of the government security and money markets," he declared. "The Banking Act of 1933 prohibited commercial banks from paying interest on demand deposits, including federal government deposits."

"Government deposit accounts remain basically for the convenience of the Treasury and Federal Reserve banks to facilitate management of the public debt and the money market," he said. "They were never intended as a profit-making device to aid commercial banks and have never served that end."

Mr. Brown told Mr. Kraschel that "the statement in the editorial that 'powerful and selfish interests are attempting to influence future members of Congress and administrative officers of our Government' is an inflammatory statement and thoroughly uncalled for.

"We believe," he concluded, "that it is harmful to the security of our Government for an official of the Government, in a tax-supported publication, to issue false and misleading statements detrimental to any group of Americans."



With Treasury Secretary Snyder at the formation of the National Agricultural Savings Bonds Committee in Washington are, left to right: Vernon L. Clark, national director, U. S. Savings Bonds Division; William Kuhns, editor of *BANKING*; John Davis, executive secretary, National Council of Farmer Cooperatives; Carl Colvin, deputy governor, Farm Credit Administration; A. G. Brown, director, Agricultural Commission, A.B.A.; Dr. Lloyd C. Halvorson, economist, The National Grange; Secretary Snyder; W. A. Minor, assistant to the Secretary, U. S. Department of Agriculture; C. L. Mast, secretary, American Agricultural Editors Association; Roger Fleming, director Washington office, American Farm Bureau Federation; Paul Sanders, president, American Agricultural Editors Association; Charles T. O'Neill, chairman, Agricultural Commission, A.B.A.; W. L. Baynes, agriculture director, U. S. Savings Bonds Division

Urge Farmers to Buy Bonds

SECRETARY of the Treasury John Snyder has announced the formation of a group of volunteer advisers whose efforts will be devoted to the sale of U. S. Savings Bonds to farmers. The group, which held its first meeting at the Treasury on September 7, will be known as the National Agricultural Savings Bonds Committee.

Plans were discussed for a period of intensified selling between November 11 and December 7 of this year.

Secretary Snyder said this has been another good crop year and therefore a good time to re-emphasize the Savings Bonds benefits to the farmers. He said that farmers always had responded well to the bond campaigns.

Vernon L. Clark, national director of the Savings Bonds Division, also addressed the new committee, whose members, he said, represent organizations and agencies which are in daily contact with farmers and exercise a profound influence on their thinking.

MEMBERS of the National Agricultural Savings Bonds Committee, appointed by Secretary Snyder are: Carl Colvin, deputy governor, Farm Credit Administration, Washington; John Davis, executive secretary, National Council Farmer Cooperatives, Washington; Roger Fleming, director, Washington Office, American Farm Bureau Federation, Washington; Albert S. Goss, master, The National Grange, Washing-

ton; Edward F. Holter, lecturer, The National Grange, Middletown, Maryland; Van B. Hart, professor of Farm Management, New York State College of Agriculture, Cornell University, Ithaca, New York; Allan B. Kline, president, American Farm Bureau Federation, Chicago; William R. Kuhns, secretary, Savings Bonds Committee, American Bankers Association and editor of *BANKING*, New York City; Don Lerch, agricultural director CBS, National Association of Radio Farm Directors, Washington.

C. L. Mast, secretary, American Agricultural Editors Association, Chicago; W. A. Minor, assistant to the Secretary, U. S. Department of Agriculture, Washington; William I. Myers, dean, New York State College of Agriculture, Cornell University, Ithaca, New York; Charles T. O'Neill, chairman, Agricultural Commission, American Bankers Association, Charlottesville, Virginia; James Patton, president, The National Farmers Union, Denver; H. H. Rathbun, president, National Council Farmer Cooperatives, New York City; Paul Sanders, president, American Agricultural Editors Association, Richmond, Virginia; Glenn Talbott, chairman executive committee, The National Farmers Union, Jamestown, North Dakota; and Charles O. Worcester, president, National Association of Radio Farm Directors, Cedar Rapids, Iowa.

Radically New!

... a standard in its field



See this brilliant Monroe

star in action . . . let its own peerless

performance and operating ease give you a close-up of the unique advantages it offers . . . and you'll agree with those who say it is outstanding in its field.

Who but Monroe, creators of the famed "Velvet Touch", could produce a machine so smooth in action, so painstakingly designed for utmost utility? In simplicity, speed and quietness, it sets exceptional performance standards. It's an operator's dream come true!

See this latest addition to the complete Monroe line of Listing Machines, Calculators and Bookkeeping Machines. Look up the nearest Monroe-owned branch in your telephone directory or write: Monroe Calculating Machine Co., Inc., Orange, N. J.

This beautiful, streamlined adding-listing machine combines finger-ease key-tops with Velvet Touch. All operating controls scientifically grouped to give time and effort saving one-hand control. Complete visibility. Locked key accuracy. For added convenience front feed carriage takes forms up to 4 $\frac{3}{4}$ " wide. Model 410-11-011

MONROE

MACHINES FOR BUSINESS

ADDING MACHINES

CALCULATING MACHINES

ACCOUNTING MACHINES

Kentucky Farmers

(CONTINUED FROM PAGE 61)

foothill country of the Cumberland Mountains. Located in one of the state's smallest counties, Stanton is the home of the Powell County Bank, the only one in the county. There we were met by courteous, hospitable Lynn D. Gabbard, cashier since 1922. At that time the bank's net worth was \$150,000; today it has climbed to \$1,300,000. At 3 o'clock Mr. Gabbard began introducing Mr. Graham and the writer to a number of leading citizens of Powell

County. These included the county extension agent, the home demonstration agent, the Smith-Hughes instructor in the Stanton schools, a representative of the Soil Conservation Service, the county attorney, and several prosperous farmers.

"Financial institutions like Mr. Gabbard's bank here have a great stake in what takes place on farms," Mr. Graham told the dozen people in attendance. "Things are changing rapidly on the farm as they are everywhere. Some of the best brains in agriculture are leading the way to greater returns from our farms at less expense and with less

labor. At the same time, we're finding that banks and farmers have a great deal more in common than the mere lending and borrowing of money. Farmers are finding that credit is just as much of a tool in the successful operation of a farm as are good tools, good stock, good soil, and good management."

All over the state, meetings similar to this have been held in county seat towns. Some counties have two, three, four, and more banks. They have sent representatives to meet with the county extension and home demonstration agents, newspaper editors, farm leaders, vocational agriculture instructors, and Soil Conservation Service technicians. At each gathering, Mr. Graham has sketched the agricultural program of the association.

Results to Date

What have been the results to date? "They've been encouraging," reports W. E. McWhorter, chairman of the agricultural committee. "I think bankers are getting a new slant on farmers and their credit needs. I've always maintained that bankers haven't always understood the economic position of the farmer. Farming today has branched out into such a tremendously complex business that it's difficult for bankers to understand it unless they get out on farms and see what's required of a farmer. More than one banker has expressed surprise at the demands of a present-day farming program: modern machinery, better stock, a good understanding of sound business methods, and keen interest in farming.

"But even more important is the fact that bankers are doing much more than learning something about farming. They're investing money in programs. For example, four banks in McLean County have contributed \$900 to be used for the purchase of dairy bulls to be used to step up the herds of heavy-milking, money-making cows. One of these banks, the Sacramento Deposit Bank, presented a \$300 Guernsey bull to the Sacramento Guernsey Club."

Other examples cited by R. G. Williams, Jr., of Somerset, president of the Kentucky Bankers Association, include the following:

The Edmonton State Bank, operating in a town of 500 population, and the Metcalfe County Farm Bureau recently sponsored a dinner meeting attended by 300 people—more than half the town's population. The meeting paid tribute to county leaders in soil conservation and improvement, livestock development, home improvement, and to 4-H



GENEROUS Americans will send many millions of dollars abroad during November and December as Christmas gifts to assist needy relatives and friends.

You will no doubt wish to publicize your foreign remittance facilities. We have mapped out inexpensive direct and indirect advertising campaigns to suit banks with a limited remittance business as well as banks with a considerable volume.

Payments transmitted through us are effected by the leading foreign banks. Our service is efficient and simple. No books to read, no complicated instructions. One form for mail, air mail and cable payments, and a schedule of service charges, is all you need. Any of your clerks can learn in a few minutes how to handle our foreign remittance service. You will incur no obligation in asking for details.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON

Member Federal Deposit



Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESS

and FFA members who have done outstanding work during the year, and their leaders.

A five-year plan to increase the agricultural income of Green County to \$5 million each year has been launched by the Greensburg Deposit Bank and the Peoples Bank of Greensburg. The program was described at a meeting attended by 150 businessmen and farm leaders. The goal is to raise the income of livestock and livestock products to equal that of tobacco. The income from livestock and livestock products is less than half that of tobacco at the present time. Emphasis is being placed on dairying through good breeding and development of better pastures.

Banks in Muhlenberg County have teamed up with the Agricultural Extension Service to build up the dairy industry. Previously farmers had been more interested in producing good veal calves than in stepping up milk production. However, after visiting Swiss breeders in adjoining counties, they bought three registered cows and two heifers, two grade heifers and three registered bulls. The bankers cooperated by buying three more registered bulls.

The Fredonia Valley Bank of Fredonia, Farmers National and First National Banks of Princeton were host to 135 farmers at a farm management meeting. The group toured a local farm and saw an outstanding farming unit, one on which a great deal of attention has been given to soil conservation and improvement, pasture and meadow, and livestock development. A discussion of the farmer's program highlighted the meeting.

THE Peoples Bank of Taylorsville held a recognition meeting attended by 300 4-H and FFA members of Spencer County. It was the first time, according to Mr. Fontaine, that a Kentucky bank had so many of its future citizens and farm leaders together in a single group while paying tribute to their accomplishments. The entire operating personnel of the bank, together with its board of directors, and leading citizens were present to witness presentation of awards.

The Citizens State Bank and the People's Bank of Hazard sponsored the Perry County Corn Derby, awarding a first place cash prize of \$25, and cash awards of \$15, \$10, and \$5 to the other top contestants. This Corn Derby, held under the supervision and sponsorship of the two local banks, was designed to stimulate interest in hybrid corn varieties and to teach methods of producing high yields of corn.

"These are several instances of what Kentucky bankers have been doing," Mr. Fontaine pointed out. "Many other banks are busy. For example, banks in Lexington, Hopkinsville, Murray, and Hodgenville have added full-time farm workers to their staff. In fact, the First-City Bank and Trust Co. of Hopkinsville named a county agent, W. D. Talbert, as its president."

"Most Progressive Step"

"Just to put bankers on a farm gives them the inspiration to tell their farm customers what progressive farmers are accomplishing," says R. G. Williams,

Jr., of Somerset, who heads the association this year. "I believe that when we put John Graham on as our agricultural representative, it was the most progressive step the association has taken in its 54 years of existence. Anything we can do to improve agriculture improves the welfare of the entire state. An agricultural representative serving this association is a good, practical idea that will bear much fruit for many years to come."

Other bankers share their president's opinion.

Results from the first years have been so encouraging that an expanded program is being planned for 1949.

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Missing Trust Business?

(CONTINUED FROM PAGE 41)

by the men. As with the men, nearly all of the group read the advertising and found it of interest.

All the women said they discussed their estate plans with their husbands or others. About half the group said they were indifferent about receiving informative material on estate matters. Only one said she did not have a plan for her estate. About two-thirds preferred an individual as their executor-trustee. One preferred either a lawyer or a bank; two hadn't considered the matter. Their reasons for preferring the individual were a bit obscure, usually "personal reasons." Two of those who at first said they preferred an individual, and had already named one in their wills, later said that perhaps the bank might be a wiser choice.

Those who preferred the bank had definite reasons. Either they had confidence in it, or they believed it would eliminate favoritism and family dissension.

Two-thirds knew that the bank would help them make their estate plans without charge. None had formed an opinion of the cost of trust service. As with the men, none recalled having been called on by a representative of the trust department. Two, on their own volition, had discussed the matter with bank officers. Most of the women had discussed the question of naming a bank with their husbands or close relatives.

Perhaps the most valuable suggestion gleaned from the interviews was that the leading women's clubs would be interested in having a speaker discuss wills. Half the group said that such a discussion would be of interest to the members. Two women offered suggestions for arranging for such a discussion.

Of those who had an independent estate, a third said they managed it themselves, a third assisted in its management, and a third relied on outside sources for management.

The Bank Personnel

The questionnaire submitted to this group was answered by 46 men and women. The employees were asked to be frank in their answers. Apparently they replied to the questions to the best of their ability. The queries were simple, and for the most part required a straight "yes" or "no" answer. They were, however, carefully developed to disclose the knowledge of personal trust matters and attitude toward the department.

Without going into all of the 15 questions, here is what they disclosed:

Two-thirds of the personnel were unfamiliar with *all* of the personal trust services. Those services least understood by the other third were life insurance trusts and pension trusts. More than half the employees said they came into contact with trust prospects. A smaller number said people asked them about trust services. About half of the group said they read the advertising of the trust department. Some indicated they never saw the advertising, indicating it was not distributed to all employees.

Nine employees had made wills, and in four of these the bank was named. Two of the four were trust officers. The others had no wills.

Three-fourths of the group indicated that information on trust matters would enable them to talk more intelligently with trust prospects. With only minor exceptions, the whole group indicated they would like to have such information.

When asked for suggestions, nearly a fourth of the group specifically asked that a meeting or meetings be held, and that the head of the department explain the major trust services.

One result of the questionnaire was immediately evident in increased staff interest. Soon after it was completed, a number of employees came to the department to get literature on trust service.

It is logical to assume that each of the three banks will work out means of better informing the staff on trust services. This may take the form of a dinner meeting, a series of meetings, preparation of a simple manual of trust service. The employees should be placed on the mailing list to receive all trust information that the bank sends out.

The trust department should supply information on trust service, sustain interest through persistent cultivation, and acknowledge acts of cooperation on the part of staff members. When business materializes as the result of the effort or suggestion of a bank employee, he should be thanked by letter or publication in the house organ or on the bulletin board. Some institutions read the names of those contributing to new business at each meeting of the board of directors.

(Results of the inquiry with respect to lawyers and a statistical study of the trust market will appear in November)

World Business

(CONTINUED FROM PAGE 50)

wax and all the many things that go to make up the world's business.

Modern Investment

There was a warning issued by the United States at the ECOSOC meeting last Summer concerning the tendency abroad to expect American Government loans for development purposes as a permanent phenomenon. Despite that warning, the expectation continues full blast. I saw an example of it on a recent trip to Mexico. My trip coincided with the visit of the House Committee on Interstate and Foreign Commerce as guests of PEMEX, the Mexican Government corporation which now operates the foreign oil properties nationalized in 1938. What PEMEX reportedly asked the committee to support is the loan of about \$450 million of oil-industry equipment by way of the Export-Import Bank and the World Bank. Committee members seemed impressed, although other Americans pointed to the sad record in Mexico of such government enterprises as the nationalized railways and PEMEX itself due to mismanagement, and to the forecasts of PEMEX's own geologists that, as matters are now going, Mexico in six years will be a net importer of oil.

How PEMEX went about the business of managing the nationalized properties is suggested by the discovery several years ago that its Tampico manager had had a pipeline constructed from the refinery to his home, where he was privately selling the government's gasoline to private dealers. Investment of U. S. Government money in Mexico raises questions not only of the economic advisability but of

(CONTINUED ON PAGE 118)



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safeguarding the funds against insiders' thievery, which American businessmen in Mexico say is the rule rather than the exception. In highway construction graft is commonplace, yet in making loans to Mexico for this purpose the Export-Import Bank included no provision for supervision. A Mexican financier of international reputation informed the writer that, while there was no graft at cabinet levels on these Ex-Im highway loans, there doubtless was some further down the line.

Latin Union in Quito

In emulation of the efforts of Benelux, four Latin American countries in a conference at Quito, Ecuador, have announced an agreement to form, over the next 10 years, a customs and economic union. The ambitious program also lists a Gran Colombian Bank, a Gran Colombian Reinsurance Institute, a Gran Colombian Civil Aeronautical Fleet, and so forth. Participants in the meeting were Colombia, Ecuador, Panama and Venezuela. Reporting on the event, the New York *Herald-Tribune's* Quito correspondent notes that Panama and Venezuela "signed only with serious mental reservations." Panama reportedly "all but withdrew from the conference" on the ground that its economy is tied to that of the United States.

The project may not be entirely visionary. More than a year ago the Gran Colombian merchant fleet came into being, and ships flying its flag have been competing with American vessels, being given preferential port treatment in member countries. American airlines are interested to see whether they will face similar competition in Gran Colombia.

USSR Falls Behind on Debt

Lost in the shuffle of Russian-American problems is the amount due us as interest on postwar lend-lease "pipeline" sales to Moscow. Instead of the expected \$5 million interest check, Russia paid only \$3,341,446. It seems that when the U. S. A. cut off further shipments to Russia, including spare parts for machines delivered earlier, the latter were rendered unusable; and Moscow wants an adjustment.

More Monetary Maneuvers

New Zealand has joined the countries which, contrary to the warnings heard during the Bretton Woods hearings, have raised rather than lowered the parities of their currencies. The New Zealand pound now has been restored to parity with the British pound, a relationship which New Zealand abandoned in 1933. Whether the step will be more successful than the appreciation of the Canadian dollar and the Swedish krona cannot be foreseen. New Zealand, although a participant in the Bretton Woods Conference, has not joined the Fund.

London reportedly looks for further devaluation of the French franc, where prices have continued to rise since last January's devaluation and the institution of multiple rates of exchange in the face of Fund opposition. Real political stability in France seems to be about as far away as ever, and without it there can be no really sound economy or currency. The cabinet crisis of August-September touched off new highs in the Paris black market for gold and dollars, as capital sought to flee the franc. As fast as you can figure what a currency is worth nowadays, in terms of the dollar, the value changes.

Experts are constantly arguing about sterling; whether

it is worth more or less than \$4.03 at which it is officially pegged. Now comes in the *Midland Bank Review* a long article on the purchasing-power-parity theory laying bare the unreliability and irrelevance of modern international price comparisons. It seems that a pound is worth what you can get for it.

Of one thing the British Government is pretty certain: the terms of trade are moving against the United Kingdom. During the first six months of 1948 the average price of British imports has risen by about 10 percent, while that of British exports has increased only 3 percent, the British Information Services reports. This trend is intensifying Britain's balance-of-payments problem. In the long run, as *The Economist* states, the pound will have to be devalued, unless American inflation goes much further than it has.

Where market forces get a chance to function, sterling is already in fact devalued, depending on the kind of pounds concerned. From the *New York Times* came the following recent quotations: Sterling area British pound \$3.40; British currency notes abroad \$2.90; securities switch sterling: (a) South African securities \$1.85, (b) industrial securities \$1.75, (c) British Government bonds \$1.65. International business has become very complicated in this unsettled world.

The Fund has announced its agreement to the extension of multiple exchange rates in Peru, thus emulating the example earlier set in the case of Ecuador. Peru, it is pointed out, consulted the Fund in advance and the Fund "after careful consideration . . . approved." Peru has agreed, according to the Fund, to institute certain measures calculated to improve the position of its currency over a period of time. In this respect, at least, the Fund was more influential than in the case of the Mexican peso in July. It is hoped that Peru will be more meticulous in carrying out these promises than has been the case with Chile's promises to the Fund.

War Debts Wiped Out

It remained for the United Nations to disclose that the chief borrowers of the famous World War I debts have solved at least that part of their dollar problem by wiping them off the books. Since Congress has not been asked to concur, it is safe to assume that the action was unilateral. One cannot help wondering what will be the ultimate fate of more recent intergovernmental debts, such as the loans being arranged by the Economic Cooperation Administration or obligations to international lending agencies.

Reparations Reconsidered

Changed economic and political conditions are causing reconsideration of some postwar policies in Washington. One of these is German reparations. The ECA is examining the question of possible inconsistency between its broad purposes and the removal of capital equipment from Germany. There is a tendency in Washington to modify the reparations policy, notwithstanding the objections from Britain and France, which regard the removal of German plants as necessary to the recovery of Western Europe.

Another policy recently revised in the light of changed conditions in the United States relates to the reimportation into this country of supplies and materials heretofore sold by the Office of Foreign Liquidation.

The Surplus Property Act of 1944 prohibited importation of such goods "so far as feasible and necessary to carry out the objectives of this act." Resale of surplus goods to this country is now advocated as an anti-inflation measure and it will doubtless be profitable to the present owners.



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Meet President Woollen

(CONTINUED FROM PAGE 51)

Mr. Woollen's father, Evans Woollen, Sr., who died in 1942, founded the Fletcher Trust Company. He was active in the Democratic Party's national organization and in the American Bankers Association, where he served, among other capacities, as chairman of the Economic Policy Commission.

Evans Woollen, Jr., the new president of the American Bankers Association, was educated at Hotchkiss School and Yale University, receiving his A.B. degree from Yale in the class of 1920. During World War I, he served as second lieutenant in the 73rd Field Artillery. He started his business career in 1920 as a bank clerk and throughout his career has been identified with Fletcher Trust Company. In 1935, he was elected president and a director of his bank. He was advanced to chairman of the board in 1948. He was vice-president and director of the Fletcher Joint Stock Land Bank from 1935 to 1943. Since 1942 he has been vice-president of the Indianapolis Clearing House Association. He is a director of the State Life Insurance Company of Indianapolis.

Has Been Active in Civic Affairs

In 1930, Mr. Woollen was appointed to the Indianapolis Board of Public Health and Charities. He was elected president in 1931 and served until 1933. From 1933 to 1935 he was Indianapolis City Controller. From 1938 to 1942 he was a member of the Indianapolis Board of School Commissioners, serving as president in 1941. He is a director and past president of the Indianapolis Community Fund, and a trustee of the National Health and Welfare Retirement Fund, having been elected to the board in 1944.

In assuming the presidency of the American Bankers Association, Mr. Woollen brings to the office a wealth of practical experience drawn from more than a quarter of a century of activities as a banker, supplemented by genuine

knowledge of the history and cultural aspects of economics.

He will bring to the highest office of the Association the results of long thinking on leading problems of the day. These include government lending, government guaranties of credit, problems of monetary control, the future of free enterprise, international relations and the potentialities of voluntary credit control through the banking system. His views can best be summarized by quoting from addresses delivered in recent months before bankers in various parts of the country.

The Growth of Government Powers

"For a number of years," he said, "bankers have followed closely a significant social and political development. The development to which I refer is the centralization and growth of economic and financial powers in the hands of the Government. The importance of those powers transcends the practical day-to-day considerations of doing business. It reaches out into the very vitals of our national life. It is shaping the society in which we must work and live. In future years, the era in which we live will be pointed to as a critical moment in history. Our interest in it, as bankers and citizens, is not academic. We are well aware that the future of the banking business and of our personal lives as citizens is being shaped by it.

"A fundamental conflict is involved. It is not a conflict that can be resolved by a simple choice of ideas and methods. I know that I share the views of almost every one of you when I state that, for my part, I should like to live in a society where the functions of the national government in domestic affairs would be confined to keeping money sound, to regulating natural monopolies, and to prohibiting other monopolies. This would, of course, be the free enterprise system in pure form. I believe that such a regime would offer the best promise for the good life. It would be conducive to the highest development of the exceptional man, and to the greatest happiness and well-being of the mass of men.

"I believe that we shall never see such a society as that, and I believe that neither our children nor our grandchildren will see it. I am free to hope that it might come to pass in the life of some of our remote descendants. Such a society would presuppose two conditions which do not exist.

International Confidence

"The first of these conditions would be stable and peaceful international relations. Now that geographic distances are telescoped by speed, we shall have big government; and we shall have restricted freedom so long as we have international anarchy. I think we shall have international anarchy, regardless of what contrivances of international amity we may devise, so long as we fail to build confidence between nations.

"The second of the conditions demanded by the ideal state of a free enterprise society would be an electorate more seriously dedicated to good government. I think it can be truthfully asserted that the more careless of government the citizenry may be, the more pervasive of the citizen's life the government will be. We shall never have very good government so long as 'politics' is a term of contempt in our daily speech.

"If I believe in a pure free enterprise system, and if I think that I shall never see one, there would seem to be a choice of only two logical conclusions. One of these would be an admission of defeat, and the other would be an attempt to appraise what we have to measure its possibilities. What

President Woollen, right, with Sylvester C. Kasberg, cashier of the Fletcher Trust Company



we have now, I believe, is a hybrid of individualism and collectivism. This appears to be what we are going to have for a long time to come. While this is far short of the ideal situation, I feel that it has possibilities for a decent life if we deal wisely with it.

"Our task is not to wave our arms and to extol in broad generalizations the advantages of the free enterprise system, but to struggle all along a broad battle-front, making thrusts wherever the chances of success exist. Only in this way can we check the progress of socialization and liquidate it where it has not yet become firmly entrenched. Only by this means can a partly collectivist society be kept tolerable for individuals. The test must be more pragmatic than theoretical.

"In our own field, we have long since accepted supervision by various governmental agencies; and both we and the public have become thoroughly accustomed to it. It is however, quite another case with regard to government lending and government guaranty of credit. I do not speak against these government lending activities in times of national emergency, but rather against making them a part of national policy, or making so-called emergencies a continuing routine. Here is the point at which we should attack with all our might.

A Threefold Attack

"Our attack should be threefold: (1) If any human enterprise should, by its nature, be in private hands, that enterprise is the extension of credit. (2) Chartered banking has been and is aware of the social responsibilities involved in money lending, and it is fulfilling the need for credit with those responsibilities foremost in mind. (3) Government lending is wasteful, and it confounds government fiscal policy, placing embarrassment upon the Government itself in discharging its duties.

"We are all satisfied that our government should have police powers and that it should determine the conditions under which antisocial individuals should be placed in jail. But no thinking individual can agree that the Government should decide whether or not a citizen is worthy of credit or should have the privilege of borrowing.

"It is a fundamental wrong to society for the Government

to lend money that belongs to the taxpayers, or to abuse their credit. It not only is a disservice to the taxpayers, but also places the borrower in the position of being a public dependent. Creditors should deal with lenders who measure risks carefully, and who lend as a matter of business and for profit. This in itself is a protection for borrowers who might seek loans for unsound ventures that could cripple them financially.

One-way Road to Monopoly

"Government lending, in its ultimate aspect, is a one-way road to business and industrial monopoly as well as to the completely socialized state. It is a sad truth that in recent years the banking systems of 15 nations have been completely socialized and that plans are being studied providing the nationalization of banking in 10 other countries. Socialization of credit is one of the less bloody techniques of collectivist revolution, but it is a vital one.

"One example of the advantages and benefits of organized banking effort has been dramatically demonstrated in recent months.

"As every banker is aware, bank credit has recently been a central point of attack as a source of inflation. It has come in for close scrutiny and considerable attack in the national political arena. Had it not been for the united efforts of banking as a whole in undertaking a nationwide program of voluntary credit control, we should by this time probably have been subjected to a new, governmentally dictated program of further and decisive controls over bank reserves and credit.

"The point to be emphasized is the fact that the banks, through the banking organizations of which they are members, were able to take part in the program of voluntary credit control. The American Bankers Association instituted the program. The work of the Association was tremendously aided by the generous support and cooperation of the state associations. It would have been almost impossible to establish the program on a nationwide scale had it not been for the splendid cooperation of the state associations in carrying the program to the banks in virtually every city and rural area of the nation."

Service Charges (CONTINUED FROM PAGE 35)

their last rate change. In other words, those banks which have adjusted their scales of service charges in recent years experienced unfavorable customer reaction of only about the same minor magnitude which characterized changes made in the 1930's.

In summary, the replies would seem to point strongly in the following directions:

(1) There is a wide variation among banks of the same size and type as to the proportion of total income obtained from service charges. Some banks receive no such income, others receive as much as one-fifth or one-quarter of their total income from this source. The justification for depositors' service charges, and the practicability of levying such charges when justified, are matters for individual bank determination in the light of customer relationships and local competitive conditions. However, small- and medium-size banks which obtain less than 5 percent of total income from this source might well study the question.

(2) There has been a tendency for income from service

charges to represent a smaller, rather than larger, proportion of total income, despite the high level of business activity and fund transfers. In cases where this declining proportion of service charge income prevails it would seem worth-while to examine into the reasons.

(3) Only about one-third of the banks replying to the questionnaire, in the size groups below \$50 million in deposits, have changed their service charge rates since 1941, before our entry into the war. Since December 1941 the cost of living figures of the Bureau of Labor Statistics, with the 1935-1939 average as 100, show an increase in consumer food costs from 105.5 to 214.1; in clothing from 106.3 to 196.9; in fuel, electricity and ice, from 102.2 to 132.6; and in all items, from 105.2 to 171.7. Banks, especially those of moderate and small size which have not changed their service charge rates since before the war, would seem to have every reason to reopen this question.

(4) Since service charge rates were last raised for the banks replying to the questionnaire, unit costs of furnishing these services have risen close to 50 percent, with cost increases particularly great for medium and small banks.

Washington

(CONTINUED FROM PAGE 37)

The agency again urged banks to make sure that they covered themselves with fidelity bonds to the extent recommended by the American Bankers Association. It announced that the agency was this year making a survey of blanket bond coverage in effect as of this year and its relation to the amounts suggested by the A.B.A.

Banks May Collect Excises

Some months hence the nation's

banks may be given a chance to provide still further service to their Government and to business.

There is under consideration a plan for banks to receive two new kinds of revenue from taxpayers—receipts from excise taxes and monies deducted by employers from the payrolls of their employees for old age security.

Banks now receive withholding taxes deposited by employers for the personal income tax. Designated "withholding depositaries" receive this money, give the taxpayer a receipt, and credit the sum to the Treasury's account. The employer then, in filing his return, sends

the bank's receipt for the tax payment.

Should the Treasury develop a similar system for excise taxes, such taxpayers might be enabled to curtail their returns to the Treasury from a monthly to a quarterly, and perhaps even a yearly basis.

Federal Deficit Doubtful

President Truman, in his August revision of budget estimates, forecast that the Treasury would have an "operating deficit" of \$1.5 billion for the current fiscal year. In using the term "operating deficit" the President was distinguishing between customary budget figures and the accounting occasioned by the \$3 billion trust fund for ECA. Under this trust fund device, Congress decreed that \$3 billion of the \$8.4 billion surplus of fiscal 1948 should be treated as an expenditure in 1949 for foreign aid. So what the President was predicting was a deficit of \$1.5 billion if one could forget this trick device of the Congressional trust fund.

Notwithstanding the President's forecast, few others here anticipate a budgetary deficit, so long as the present outlook for good business prevails. Actually it is believed that the Administration's revenue forecasts are predicated upon a lower level of income payments than are now being reported by the Commerce Department.

Likewise, it is pointed out, the President's forecast of a deficit of \$1.5 billion for the current year is also predicated upon the assumption Congress will appropriate \$3.6 billion for expenditures not yet provided for in supply bills, and for which Mr. Truman insists Congress will have to make provision. It is by no means certain that Congress will clear all the additional appropriations the President says it must.

Hence, in the net, revenues are quite likely to exceed the August estimates and expenditures to fall below them. Thus the outlook, despite the President's estimates, is for a comfortable surplus.

Hoover Study and Economy

One of the intriguing unknowns as to governmental expenditures, over-all, is what the Hoover Commission on government organization will come up with in recommendations. The Hoover Commission, so named because its chairman is the former President, was created under legislation in 1947 to study and report, in 1949, not merely proposals for reorganization as such but proposals for government economy. The Commission is not studying the dreary and hitherto

(CONTINUED ON PAGE 124)



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(CONTINUED FROM PAGE 122)

profitless question to the taxpayer: In which alley should we knock down the bureaucratic pins and in what other alley should we set them up?

This Commission is charged with questioning the need for every function as well as for specific governmental agencies. It is requested to suggest to Congress entire functions which it feels should be dropped. Presumably it will propose the dropping or curtailment of many federal activities.

Such an approach to economy, if followed, obviously would step on the

toes of powerful special interest groups, and ordinarily would have a tough time getting enacted. On the other hand, a series of recommendations, such as the Commission is expected to put forward next January, might serve to kick off one of the biggest economy drives in many years.

Cut Farm Price Supports?

Congress next year may do something almost as rare as a man biting a dog. It may curtail the level of government subsidies to farmers, for perhaps the first time, in any appreciable degree, in years.

What is involved is the proposal to lower the government farm price supports. These are now, for a score of commodities, at 90 percent of "parity," a price which moves upward to reflect the farmer's rising cost of operations.

Because the House and Senate could not get together during the regular session, which ended in June, on the strategy of dealing with farm legislation as well as the language of farm price supports, the Congress reached a compromise. The compromise was to continue throughout 1949 the 90 percent supports and to put into operation a so-called "permanent" revision of the farm laws in 1950, with lower support prices.

So the "permanent revision" with lower supports would come into operation the year after next, if Congress does not act beforehand to put the lower supports into force sooner.

Actually Congress may move to act to lower the supports next year and upon next year's crops. For this there are some good reasons. Members of both the House and Senate Committees on Agriculture favored the idea of "flexible" supports, or government intervention to maintain farmers' incomes at a rate which diminishes in relation to the degree to which particular crop surpluses build up. They favor the idea of discouraging recurring surpluses by dropping the farm price pegs.

Farm leaders also generally favor the flexible or lower supports. They fear a revulsion against the entire notion of government price supports if the public comes to think of them as a device for keeping the price of food high. Finally, there is dissatisfaction with some provisions of the "permanent" law, and unless this law is taken up for amendment next year, it automatically will go into force in 1950.

Dixiecrats May Hold Balance of Power

There is point to keeping a watchful eye on the fortunes of the Dixiecrats, those southern Democrats fighting to oust the left-wing elements from their dominant position in the Democratic Party. The point is that Dixiecrats will hold the balance of power in the Senate in 1949. They can almost make or break the legislative program of the next President.

The professional politicians believe that the Senate race this year will be close. It is possible that the Republican Party, which is thought to have every prospect of winning the Presidency and the House by a comfortable majority, may barely lose the Senate.

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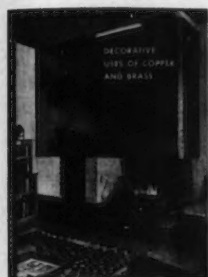
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Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the

material indexed in 1947 by the A.B.A. Small Business Credit Commission.

For Home Planner's Libraries



COPPER & BRASS BULLETIN NO. 143—A handsomely illustrated 16-page booklet giving varied suggestions on the decorative uses of brass and copper in the home, in hotels, department stores, churches, steamships, offices, and two pages on bank interiors.

Write *Copper and Brass Research Association*, 420 Lexington Avenue, New York 17, N. Y.



"ARE YOU PLANNING... TO BUILD... TO REMODEL... TO IMPROVE?" This 10-page booklet provides up-to-date information on coal burning equipment. With current conditions in the home heating field forecasting tight supplies of other fuels, public interest will increase regarding both hard

coal and equipment available to utilize it. Write the *Anthracite Institute*, 101 Park Avenue, New York, N. Y. for copies.

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("How To Choose The Right Heating Equipment." The Anthracite Institute also has available this 13-page booklet describing graphically the proper heating equipment for apartments, office buildings and commercial uses.)



G.E. "APPLIANSET" — IN MINIATURE — A 20-page booklet describing the many adaptations of miniature kitchen and laundry displays (entire kitchen of 85 pieces including 4 metal walls, 4 windows, 2 doors, chairs, table, breakfast bar and stools is available at \$19.90). Useful to banks,

though primarily designed for G.E. dealers. Write the *General Electric Company, Home Bureau*, 1285 Boston Avenue, Bridgeport 2, Conn.



"DESIGN FOR ELECTRICAL LIVING IN INDUSTRY-ENGINEERED HOMES." This 12-page booklet serves as a guide for specifying kitchen and laundry equipment in two of the more basic module homes. While the booklet is primarily for use by architects,

builders, lumber dealers and electrical contractors, it will also be of service to banks and home planners' groups. Write to *Westinghouse Electric Corporation, Better Homes Bureau*, P.O. Box 868, Pittsburgh 30, Pennsylvania.



"PAINT PROGRESS" (Vol. 7, No. 2) — A 12-page bulletin describes and illustrates the "know-how" of spray painting, paint styling — a means of making painted objects appear to the best possible advantage in industry and housing, both inside and out —

emulsion paints and the safety uses for luminous paints. Write to *The New Jersey Zinc Company*, 160 Front Street, New York 7, N. Y.

EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. As long as the volume of spending by business for plant and equipment, and by consumers for their varied needs, continues at present levels there can, of course, be no general depression.

The volume of business and consumer spending at any one time bears directly on the future and is, in fact, the main thing that determines production.

A consumer will not buy a lot of goods and services today if he feels that conditions would permit him to do more buying tomorrow, next week or a month hence. Similarly, a business man will not make commitments for capital improvements far in the future unless he feels assured of consumer demand. In other words, this spending is the best possible guide to opinion on the business outlook because it represents money on the line. It is opinion backed by cash and, for a good part of the current year, this "poll" has been saying that prospects are still good.

Business Spending

Jointly the Commerce Department and Securities and Exchange Commission started three years ago collecting from a large segment of business the figures on estimated future expenditures for plant and equipment. At the same time business provides data on what actually has been spent so that the estimates can be checked against subsequent performance.

Back in April this estimate indicated that all business would spend more than \$18.6 billion on plant and equipment this year. This is almost \$2.5 billion more than in 1947 and \$6.6 billion more than in 1946. During the war years the figure was anywhere from \$4 billion to \$8 billion yearly.

When the July estimates came along there was a drop. During the first quarter actual outlays fell \$300 million below the estimates. Various reasons were given for this change, such as high construction costs, the completion of programs and the severe winter weather of the first quarter.

Now the fourth quarter, 1948, estimates have come along showing that business generally is going ahead with its original plans and that the first guess of \$18.6 billion would prove fairly accurate.

There are other signs of this spending, of course, including peak figures for employment and gross national production, the latter being now at the annual rate of \$248.2 billion compared to last year's \$228.3 billion. Also the figures on construction are establishing new dollar records.

Consumer Spending

Consumer spending, which is the other side of the coin,

presents a similar if less convincing picture, as indicated in the Commerce Department's estimates of retail sales.

In July this figure was \$10,560 million, about 13 percent over the same month last year. Compared to the prewar years 1935-1939, people are spending this year almost three times as much on automobiles, four times as much on building materials and hardware, and almost five times as much on housefurnishings.

The same large increases extend through all other categories of durable and non-durable consumer goods.

Government Spending

The Government, of course, is not to be outdone when it comes to spending and is planning outlays totaling two or three billions more than last year. To be sure, the Government must get it from business and individuals and a few figures will show how the Government's relative take has grown.

In 1929 total personal income in the nation was \$85 billion dollars. Taxes and other payments to government, including state and municipal, were \$2.6 billion. By 1948 these two figures had become \$208.8 billion and \$21.6 billion.

Mixed Emotions

For some time business has been developing a mentality that is split three ways. It eyes the future with misgiving, feels so-so about the present and looks back over recent years with increasing wistfulness. The reason is that it knows the immediate past and present are quite satisfactory but can't believe it will last. The future offers a wide choice of worries ranging oddly all the way from fear of war to the fear of bumper crops.

The question of lower prices, which arises because of the prospect of the largest crops in a decade, depends on two main factors. First, what will the Government do with the grain and other farm products it buys and, second, will the rising costs of processing and manufacturing counteract lower raw material prices?

It is evident that there is a serious question in some traders' minds whether existing storage facilities will be adequate to take care of this year's crops. In several local instances wheat has fallen below parity prices because farmers could not store the grain under the specified conditions of the government program. They could not wait for space and had to market their supplies immediately. Once such open transactions are made, grains are no longer eligible for support through non-recourse loans or purchase agreements.

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